As of 4 p.m. ET **DJIA** 10609.65 ▼ 0.94% **FTSE 100** 5455.37 ▼ 0.78% **Nikkei 225** 10982.10 ▲ 0.68% **Shanghai Comp.** 3224.15 ▲ 0.27% **Hang Seng** 21654.16 ▼ 0.29% **Sensex** 17554.30 ▼ 0.17% **S&P/ASX 200** 4899.59 ▲ 0.03%

'Through train' crash doesn't kill dreams of Chinese cash

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Where is Chinese lawyer Gao Zhisheng?

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THE WALL STREET JOURNAL.

VOL. XXXIV NO. 98 (India facsimile Vol. 1 No. 159) * * ASIA Monday, January 18, 2010

DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

Nations scramble to help Haiti as death toll climbs

Reuters

Worshipers attend an open-air Catholic Mass next to the ruins of a cathedral in Port-au-Prince on Sunday. The international community pledged to help Haiti get back on its feet following last week's earthquake, but a slow relief effort meant that growing numbers of people who survived were joining the long list of the dead. The Haitian government said the death toll could top 100,000. **Pages 16-17.**

Yahoo takes Google's side, irks Alibaba

By Aaron Back

BEIJING—Sharp criticism of **Yahoo** Inc. by its Chinese partner **Alibaba Group** highlights how some of the same issues affecting **Google** Inc. in China have also strained one of the most prominent Sino-foreign alliances in the Internet industry.

Alibaba, an online commerce company in which Yahoo owns roughly a 40% stake, on Saturday slammed the Sunnyvale, Calif., company for its public support for Google in the search giant's conflict with the Chinese government over cyber attacks. Alibaba has told Yahoo that "Yahoo's statement that it is 'aligned' with the position Google took last week was reckless, given the lack of facts in evidence," Alibaba spokesman John Spelich said.

Yahoo said Wednesday it is "aligned with Google" in condemning the cyber attacks that Google said it experienced from hackers in China. Google said Tuesday that those attacks, along with worsening censorship in China, had prompted it to consider closing its China offices. On Friday, people briefed on the cyber attacks, which affected as many as 34 companies in addition to Google, said that Yahoo was also targeted, though it wasn't clear whether Yahoo's systems were also breached.

A spokesman for Yahoo in Asia couldn't be reached over the weekend.

Yahoo was one of the first foreign Internet companies to set up shop in China, starting a joint venture here in 1999. But its flagging fortunes in China since then have illustrated how foreign companies struggle in the country's Internet market, both to achieve commercial success and to balance business objectives with concerns over privacy, censorship and human rights.

In 2005, a frustrated Yahoo agreed to pay $1 billion and hand over its Chinese operations to Alibaba in return for the 40% equity stake in the Chinese company. Yahoo co-founder Jerry Yang and Alibaba founder Jack Ma had been friends since the late 1990s, and the tie-up was hailed by both companies at

Please turn to page 11

Trader wears wire in insider probe

By Susan Pulliam

In the movie "Wall Street," Bud Fox wears a body wire and gets his partner arrested for insider trading. David Slaine has done that in real life.

For more than a year, Mr. Slaine, a senior Wall Street trader, was a government mole who wore a wire strapped to his torso, helping prosecutors to build the biggest insider-trading case in two decades.

Using extensive contacts developed over a 27-year Wall Street career, Mr. Slaine has provided leads on possible insider trading by others not yet implicated in a sprawling case involving hedge fund **Galleon Group**, people familiar with the matter say. That case has rocked Wall Street and Silicon Valley and raised questions about the integrity of the nation's financial markets. Mr. Slaine's identity as an informant is being revealed by The Wall Street Journal for the first time.

In a brief telephone interview Thursday night, Mr. Slaine said: "You got the wrong guy." He said he has "nothing to do with that case." He declined to provide a lawyer's name.

ON THE INSIDE

THE MOLE

A criminal complaint filed in a New York federal court in November describes in detail the involvement of a cooperating source dubbed "CS-1." The Wall Street Journal has confirmed that Mr. Slaine is that cooperating source. This story of his involvement in the case was pieced together from information contained in the complaint and from interviews with Wall Street traders, lawyers and government officials involved the case.

Mr. Slaine's saga demonstrates how the U.S. has used Wall Street players to go undercover and turn on their colleagues. Mr. Slaine, 50 years old, has told prosecutors, among other things, that his friend and weight-lifting partner, Craig Drimal, traded on inside information. In November, Mr. Drimal was arrested at his Weston, Conn., home. Mr. Drimal declined to comment.

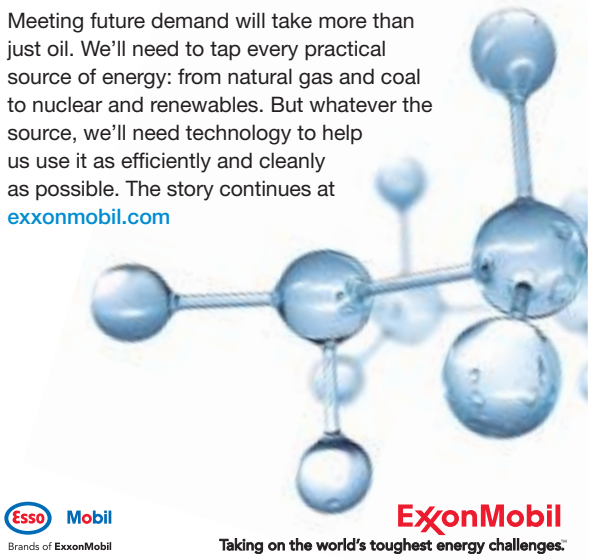
Mr. Drimal, 53, is among 21 individuals charged by the government in the Galleon case. The first wave of arrests included Galleon founder Raj Rajaratnam and five others. Mr. Rajaratnam has pleaded not guilty and is free on $100 million bail. Anil Kumar, a former McKinsey & Co. executive, has pleaded guilty to insider trading and will cooperate with the U.S.

Mr. Drimal is allegedly part of a second trading ring whose members—one of them was referred to as "Octopussy," after the James Bond movie—met on street corners to exchange cash for tips and used disposable cellphones, according to the government. The two alleged rings shared some connections, including Mr. Drimal, who worked at Galleon. They were unconnected in other respects, and the U.S. probes of the two rings proceeded separately.

Please turn to page 18

Oil, gas, coal, biofuels, nuclear, wind, solar... to fuel the future we need them all.

Meeting future demand will take more than just oil. We'll need to tap every practical source of energy: from natural gas and coal to nuclear and renewables. But whatever the source, we'll need technology to help us use it as efficiently and cleanly as possible. The story continues at exxonmobil.com



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ExxonMobil Taking on the world's toughest energy challenges.

PAGE TWO

What's News—

* * *

Business & Finance

■ **Mazda and Ford are in talks** about possibly dissolving their joint venture in China and establishing a new structure for cooperating with their common Chinese partner, Changan. The talks involve ways the firms could split their shared manufacturing bases into two separate entities. **20**

■ **Hershey plans to bid** at least $17.9 billion for Cadbury, topping Kraft's $17.2 billion offer and likely sparking a bidding war. **19**

■ **China's central bank said** its foreign-currency reserves rose to $2.4 trillion at the end of 2009, posing a challenge to a government concerned about inflation. **5**

■ **U.S. Fed officials are likely** to conclude at their coming meeting that there isn't much more they can do to significantly bring down the jobless rate. **9**

■ **Holiday discounting helped** keep U.S. inflation at bay in December, but other data showed industrial capacity was shrinking. **9**

■ **South Korean regulators** criticized KB Financial Group for allegedly leaking details of a government investigation, adding to tensions between the parties. **24**

■ **A trading rebound boosted** profit at J.P. Morgan Chase, but losses on consumer loans raised doubts about other banks' performance. **25**

■ **Johnson & Johnson** was charged in the U.S. with paying kickbacks to nursing-home pharmacy company Omnicare. **22**

■ **Shiseido is set to acquire** Bare Escentuals Inc for $1.7 billion, in a push by the Japanese cosmetics maker to expand in the U.S. **23**

■ **Suzuki will likely reorganize** its GM partnerships because of a new alliance with Volkswagen. **20**

■ **Renault agreed** to Sarkozy's demands that the auto maker continue production of a popular subcompact car in France. **20**

■ **Tata Consultancy posted** a 33% rise in quarterly profit, as the Indian software exporter benefited from more outsourcing orders. **23**

■ **European nations** signaled they aren't likely to follow the U.S. in taxing banks' liabilities to cover the cost of financial bailouts. **10**

■ **U.S. stocks had** their worst decline of the year as the first week of earnings season failed to live up to lofty expectations. **26**

■ **Motorola put the auction** of its biggest business unit on hold as the company reconsiders its latest breakup plan. **22**

Reuters

Prince William of Britain on Sunday kicked off his first official overseas trip by taking the helm of an America's Cup yacht under the eye of Team New Zealand skipper Dean Barker in Auckland. The prince is scheduled on Monday to open the nation's Supreme Court building in Wellington and perform other duties on behalf of his grandmother, Queen Elizabeth II.

* * *

World-Wide

■ **The international community** pledged to help Haiti following last week's earthquake, but a chaotic relief effort meant that growing numbers of Haitians who had survived the disaster were joining the long list of the dead. **16-17**

■ **Ichiro Ozawa**, secretary-general of the Democratic Party of Japan, promised a showdown with prosecutors, following the arrests of three of his associates amid a fund-raising probe. **3**

■ **Hong Kong's government won** a battle to fund a controversial railway project, but a showdown between protesters and police could signal more conflict over contested political overhaul. **4**

■ **The Afghan Parliament** declared a recess after rejecting most of Karzai's latest slate of cabinet nominees. **8**

■ **Missiles fired by a U.S. drone** at a suspected militant hideout in Pakistan killed 12 people. **8**

■ **Vandals threw a rum bottle** at a mosque in Malaysia, after almost a dozen similar assaults on churches in recent days.

■ **Texting services restarted** for cell phone users in far western China, more than six months after ethnic rioting prompted the government to shut them down.

ONLINE TODAY

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2. China Is Losing a War Over Internet
3. Alibaba: Yahoo's Google Support 'Reckless'
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A survey shows that Americans are getting more pessimistic about their chances of getting rich.

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THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

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WORLD NEWS

DPJ's Ozawa promises 'showdown'

By Yuka Hayashi

TOKYO—The leaders of Japan's new government have extended their attacks on the bureaucracy to a new target: the prosecutors conducting investigations into the activities of top officials of the ruling Democratic Party of Japan.

Ichiro Ozawa, influential secretary-general of the Democratic Party of Japan, declared an "all-out showdown" with prosecutors in a speech Saturday to a party convention.

The speech came after an intensifying probe into his political fund-raising activities resulted in the weekend arrests of three of his associates, including a member of parliament.

"If this kind of practice is tolerated, Japan's democracy will become a really ghastly place in the future," the grim-faced Mr. Ozawa said. "I am determined to stick proudly with my own belief and fight with everything I have."

He criticized the prosecutor's office for conducting raids and making arrests for the type of activities that, he said, are normally dealt with as a civil procedure by asking a politician to file an amended report.

Prime Minister Yukio Hatoyama, facing a separate, unrelated investigation into his own fund-raising practices, sided with Mr. Ozawa and asked him to stay in his job despite the arrests.

"I urge Mr, Ozawa not to give in [to prosecutors] and to prove his innocence," Mr. Hatoyama said at the convention. "We request his utmost effort to continue doing his job."

The 67-year-old Mr. Ozawa, considered a master of election strategy and credited with leading the center-left DPJ to a landslide victory in general elections in August, claimed his innocence to the party members Saturday, and said he had no intention of stepping down.

Still, he said, he would hand over some of his day-to-day responsibilities as he fights the allegations that his fund-raising organization violated the nation's political funds law by failing to properly account for the money used to purchase a Tokyo property in 2004.

He told party members a the previously scheduled gathering that his organization may have made "perfunctory errors" in recording its activities, but that it didn't use illegal funds to finance its property acquisition.

In a rapidly expanding case that threatens to undermine Mr. Hatoyama's four-month-old government, the Tokyo District Prosecutor's Office on Saturday arrested Takanori Okubo, Mr. Ozawa's chief aide, on allegations of making false statements related to fund-raising activity. That action followed the arrests on Friday of two other close Ozawa associates, Tomohiro Ishikawa, a 36-year-old lower-house member and former caretaker of Mr. Ozawa's fund-raising organization. Mitsutomo Ikeda, 32, another aide, also was arrested.

Mr. Ishikawa, a protege of Mr. Ozawa since becoming his personal secretary while in college, served as a caretaker of Mr. Ozawa's fund-raising organization in 2004, when alleged irregularities in its financial records first appeared.

Mr. Okubo, who was indicted last year in a separate political-funds case involving Mr. Ozawa's fund raising, has done bookkeeping for that organization.

Officials for the prosecutors' office and representatives for the three associates arrested since Friday weren't available for comment.

The arrests are another blow to the waning popular support for Mr. Hatoyama's, which has suffered from the prime minister's own political-funds scandal.

The government's approval rating fell to 48% in late December, compared with 71% when he took office in September, according to a poll by the Japanese daily Asahi Shimbun in late December.

Two of Mr. Hatoyama's aides were indicted last year on charges of falsifying political-funds statements, entering donations from his wealthy mother as funds from supporters—sometimes using names of dead people.

Mr. Hatoyama admitted such practice took place and late last year paid 600 million yen ($6.6 million) in back taxes on the gifts, in his effort to bring the case to a close even as the prosecutors continue their probe.

Reuters

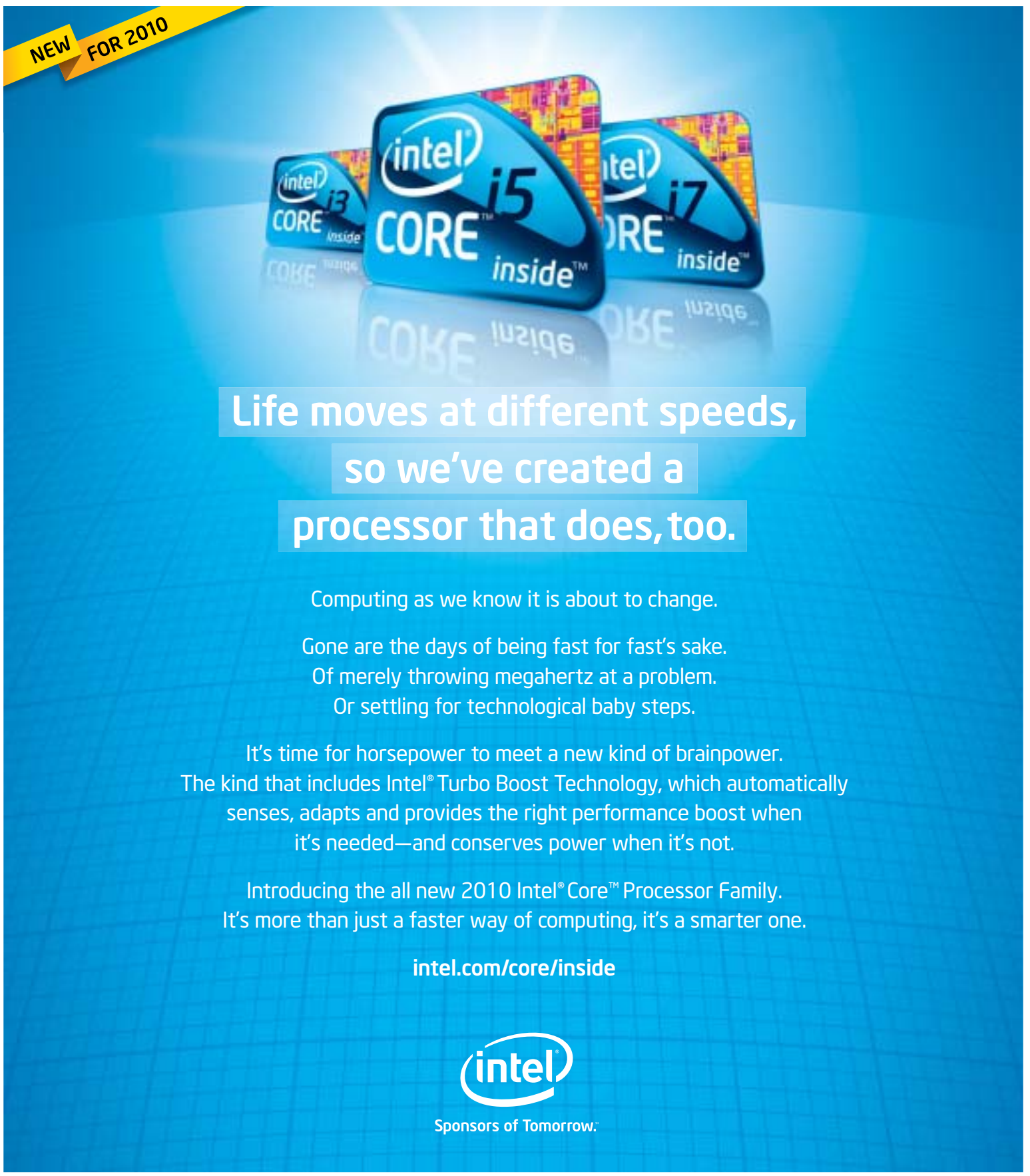
DPJ official Ichiro Ozawa at the ruling party's convention in Tokyo on Saturday.

According to Japanese media reports, prosecutors are investigating whether the money used for the purchase of property by Mr. Ozawa's fund-raising organization came from construction companies trying to curry favor with the powerful politician to win a big public-works order.

Prosecutors suspect, according to the Japanese media, that Mr. Ozawa's organization failed to properly record the sources of funds used to purchase a piece of land in Tokyo for 400 million yen in 2004 for the purpose of building a staff dormitory.

Kajima Corp., a large Tokyo construction company, said last week its offices were raided by prosecutors as part of the investigation into Mr. Ozawa's case.

The company said in a statement it had made no illegal donations to Mr. Ozawa's fund-raising organization.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WORLD NEWS: ASIA

Hong Kong approves China rail link

Clashes between riot police and protesters outside legislature could signal more conflict over political reforms

By Jonathan Cheng

HONG KONG—The government here won a tough battle to fund a controversial railway project, but a showdown Saturday between protesters and riot police wielding pepper spray could signal more conflict to come over highly contested political reforms.

Opposition to those reforms from pro-democracy lawmakers who say they fall short of Hong Kong's democratic aspirations provoked a rare statement of "serious concern" Friday from Beijing's State Council, or cabinet. Some of these lawmakers have said they plan to resign en masse, forcing by-elections they say amount to a referendum on Hong Kong's constitutional future.

Saturday night's vote clears the way for a US$8.6 billion high-speed railway that will link Hong Kong to the southern Chinese cities of Shenzhen and Guangzhou by 2015, integrating Hong Kong more closely with the mainland economy.

Protesters here said the railway benefited private interests at the expense of local residents, and was pushed on the public without proper consultation or consideration of less-expensive alternatives.

On Saturday, hundreds of protesters surrounded the legislature. As scores of riot police wielding plastic shields and pepper spray were dispatched to block their way, traffic in much of the city's main downtown district shut down for several hours.

Reuters

Protesters stand outside Hong Kong's legislature before the vote that cleared the way for the rail link to mainland China.

Inside the legislative chamber, opposition lawmakers used filibuster-style tactics to turn what was to have been a procedural vote into a two-day marathon session. The railway vote was approved by a 31-21 vote along largely partisan lines, with the opposition minority losing to the pro-establishment lawmakers that dominate the legislature.

After the vote, protesters beat drums, cried "Long Live People Power" and lay down in mass groups on major streets to block government officials from leaving the legislature.

Eva Cheng, Hong Kong's secretary for transport and housing, was trapped in her car for six hours in the legislature's parking lot, and was only able to leave after sneaking into a nearby subway station after midnight under heavy protection from police officers.

In coming months, lawmakers will vote again on a package of constitutional reforms the government says will move Hong Kong toward direct elections. Pro-democracy opposition legislators who believe the reforms are insufficient came up with their "referendum" idea as a way to demonstrate public opposition. In 2005, pro-democratic leaders voted down a similar plan.

The State Council said any attempt to resign en masse would be a challenge to Beijing's leadership and stir up further conflict.

"Hong Kong Special Administrative Region is a regional administrative unit of the People's Republic of China, and has no powers to invent a 'referendum' system," the State Council said, referring to Hong Kong by its full legal name. "There is no constitutional basis for any so-called 'referendum,' nor would it have any legal effect."

Hong Kong, a former British colony that is governed by separate laws than mainland China, was promised eventual direct elections by Beijing, but without a timetable. That has made the question of how and when to introduce direct elections a divisive one since Hong Kong's return to Chinese sovereignty in 1997, occasionally flaring into mass demonstrations—most notably in 2003, when the issue helped bring an estimated 500,000 protesters into the streets.

Russian oil pipeline makes splash in Asia

By Guy Chazan

LONDON—Russia, the world's top oil producer, is set to make deep inroads into Asian energy markets at the expense of Mideast rivals thanks to a new pipeline that pumps crude from the oilfields of Siberia to a new terminal on the Pacific Ocean.

The pipeline, a pet project of prime minister Vladimir Putin, is key to Russia's efforts to diversify its export routes away from Europe and tap growing energy demand in Asia. It is also important to countries such as China that want to reduce their dependence on Middle East oil.

Mr. Putin inaugurated the first stage of the $12 billion East Siberia-Pacific Ocean pipeline, or ESPO, last month. The crude it carries, also referred to as ESPO, is already proving a hit with Asian customers. ESPO "will likely displace some similar quality Middle East crudes," the International Energy Agency said in its monthly oil market report Friday.

ESPO heralds an "important step change in world crude markets," JP Morgan oil analyst Lawrence Eagles wrote in a research note Friday. "It provides Russia with the infrastructure necessary to act as a swing producer between Western and Eastern markets."

In recent years, as relations between Russia and Europe deteriorated, Russia has repeatedly threatened to divert its energy exports to Asia. But with nearly all its oil and gas pipelines flowing east to west, the threat has rung hollow. That is now changing.

"Europe will now have to compete with Asia for Russian crude," said Dianne Munro, the IEA's senior oil market analyst.

ESPO crude's advantage over competing blends is its proximity to the oil refineries of northeastern Asia. The new $2 billion terminal, at the Pacific coast port of Kozmino, is five days' sailing time from markets in China, South Korea and Japan. Producers in the Middle East, Africa and Latin America face journeys of at least two weeks.

The launch of ESPO, which will be fed by a new generation of oilfields being developed in the wilderness of Eastern Siberia, comes amid surging oil demand from China. China's imports of crude topped five million barrels a day last month, a record high. In contrast, demand in Europe has fallen by one million barrels a day over the past three years.

Analysts say ESPO could significantly change the dynamics of Russian oil exports. The IEA said Russian loading schedules show crude exports are already being rerouted from ports on the Baltic and Black Seas towards the east. Tighter Russian supplies to European markets could push up the price of Urals, Russia's main export blend, which traditionally trades at a discount to other benchmarks like Brent. That could mean tough times ahead for European refiners.

The Russian government has sought to facilitate the shift eastward by subsidizing exports via the ESPO. It has suspended the export tax on crude moving through the new pipeline from fields in Eastern Siberia, and has set a preferential transport tariff for ESPO crude that is well below the actual cost of transportation. The state-owned pipeline monopoly, Transneft, will cover the subsidy by charging oil companies more to ship their crude to western destinations.

ITAR-TASS

Officials sign a branch of the new oil pipeline in Russia's Far East.

With a capacity of 600,000 barrels a day, ESPO runs from Taishet in Siberia to Skovorodino near Russia's border with northern China. From there, crude is shipped by rail to Kozmino, where it is loaded onto tankers. A 300,000 barrel-a-day spur from Skovorodino to Daqing in China will be completed next year. By 2014, the ESPO is expected to be extended all the way to Kozmino, at an additional cost of $10 billion.

WORLD NEWS: ASIA

China posts rise in currency reserves

Strengthening economy will be harder to control, analyst says, as foreign companies increase investments there

By Andrew Batson

BEIJING—Investors are pouring money into China at a rate of tens of billions of dollars a month, new official figures show, a trend that poses a challenge for a government increasingly concerned about inflation risks.

Fan Gang, an academic economist who sits on the central bank's monetary policy committee, warned Sunday that China could become a magnet for speculative capital because its economy is recovering so much faster than those of developed countries. That would raise the risk of asset bubbles, Mr. Fan said at a conference. He considers asset bubbles a bigger potential problem than consumer-price inflation.

China remains a hugely attractive place to put money: It is growing faster than most countries and has a booming property market.

China's central bank said that its reserves of foreign currency, by far the world's largest, rose to $2.4 trillion at year-end, an increase of $126.56 billion since September. The reserves grow when the central bank buys foreign currency coming into the country, which it regularly does in order to steady the value of the yuan. The yuan it spends to buy that foreign cash, in turn, adds to funds sloshing around in China's banking system, which the central bank has started taking some steps to control.

China remains a hugely attractive place to put money: It is growing faster than almost any other country, has a booming property market and is widely expected to resume letting its currency appreciate this year. Foreign direct investment—the money companies spend on their operations in China—more than doubled from a year ago to $12.14 billion in December, separate figures show.

"As long as money comes in, it's my belief that it will be increasingly difficult for the central government to control the domestic money supply and inflationary pressures," said Logan Wright, a Medley Global Advisors analyst. Aside from officially recorded foreign investment, he estimates $30 billion to $40 billion of unrecorded capital inflows—sometimes dubbed hot money—came into China in the fourth quarter, a similar rate as in previous quarters.

The continued capital inflows risk complicating Beijing's recent efforts to dial back the record lending boom it unleashed to cope with the financial crisis. The central bank published other figures showing Chinese banks extended a total of 9.59 trillion yuan (about $1.4 trillion) in 2009, nearly twice the 4.9 trillion yuan in 2008 and a figure equivalent to nearly a third of the country's expected economic output for the year.

Banks made 379.8 billion yuan of new loans in December—less than half the monthly average last year—but reportedly picked up their pace again as the New Year began. Along with a pickup in inflation and a faster-than-expected recovery in exports, that may have been one of the reasons behind the central bank's move last week to require them to set aside a larger share of their deposits, making less money available for lending. Yet the government has so far refrained from tougher moves like raising interest rates, and officials in their public comments still emphasize the fragile state of the global recovery.

"We expect more decisive policy tightening measures to be implemented in the coming months which should keep inflation at a reasonably modest level of 4% to 5% or less," **Goldman Sachs** economists said in a research note. "However, if the tightening measures are not forceful, there is a risk that we may see continuous rise in inflation."China's reserves rose by $55.68 billion in October, $60.52 billion in November, but only $10.36 billion in December. Economists said the smaller rise in December mainly reflected a surge in the U.S. dollar—the euro fell 4.7% against the dollar that month—which cuts the dollar value of the central bank's holdings of other currencies.

Money moves

Change in China's foreign-exchange reserves, in billions of U.S. dollars

Source: People's Bank of China

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Where others see peril, Standard Chartered's Gerrard Katz sees potential. Using the risk management products of CME Group – the world's largest and most liquid regulated market for foreign exchange – Standard Chartered offers clients fast, credit-efficient access to derivatives on emerging market currencies like the Chinese renminbi and Korean won, as well as major currencies including the euro, yen and pound. With unparalleled liquidity, transparency and speed, and the security of central counterparty clearing, CME Group guarantees the soundness of every trade. That's why CME Group is where the world comes to manage risk. Learn more at cmegroup.com/fx.
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For the second time in three years, the Kellogg–HKUST Executive MBA program is ranked the best in the world by the Financial Times.

Although the world-class recognition is part of what drew the incoming class of the Kellogg-HKUST program to the Hong Kong-based program, for student Wendy Kok what stands behind the ranking is what helped that interest turn into an 18-month commitment.

"When a firm is good, then you know the people behind the firm are what's good, and if you look at these people you know they are dedicated, they are at the top of their game," Ms. Kok said. "It's the same with this program – the fact that their first is less important than the fact they are consistently at the top. That says a lot about the people behind the program."

Leonard Cheng, Dean, HKUST Business School

For Leonard Cheng, HKUST business school Dean, the trajectory of this collaboration with the Kellogg School of Management at Northwestern University near Chicago "has exceeded all our wildest expectations when we started out," he said. "A cross-Pacific alliance was very new and required commitment from both Kellogg and HKUST at the highest level. Particularly important was treating it as the highest priority, in terms of faculty assignment, personnel support and continual improvement and innovation."

While applications and intakes are down 25 percent among EMBA programs globally since the financial crisis hit, the 13th class of the Kellogg–HKUST program has reached its 60-person capacity this year, says Steven DeKrey, Senior Associate Dean and Founding Director of the Kellogg–HKUST EMBA program.

"One of the shifts we're seeing are there are more self-financed candidates," said Prof. DeKrey, referring the $108,000 tuition which is often subsidized by students' employer. "About a third of applicants' employers pay 100 percent, but this year almost the same percentage is self-financed."

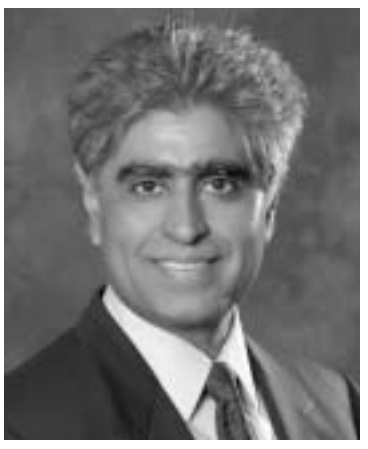
Steven DeKrey, Senior Associate Dean, HKUST Business School

With more paying their way, it has created a "more self-motivated group – there's more of a sense of people wondering how will my future play out, and how can I best help that outcome," he said.

As the program has gained in popularity among students, it is also a popular assignment for business instructors flying in from Northwestern University, including people from the very top.

"Since the Kellogg–HKUST Executive MBA program launched more than a decade ago, I have taught Operations Management in all but one year," said Sunil Chopra, Interim Dean of the Kellogg School of Management, Northwestern University. "This has been an extremely satisfying part of my work, and I was honored to be chosen as the top professor by students several years ago."

"Today, the Kellogg–HKUST program touts more than 500 alumni from Asia and around the world who represent a cross section of industries and functions. These alumni make a significant impact in their organizations each and every day, and I feel privileged to have taught so many of them," Dean Chopra said. "This experience has also allowed me to grow as a professor, providing me with an opportunity to learn more about the evolution of operations and supply chain management around the world."



Sunil Chopra, Interim Dean, Kellogg School of Management

What accounts for the maintained success of the Kellogg–HKUST program?

"As the top executive MBA program in Asia and among the world best, Kellogg–HKUST has the benefit of drawing from a very high-quality pool of applicants. Once admitted, our students contribute to an incredibly stimulating academic environment. Upon graduation, they become part of an unparalleled alumni network, often identifying promising applicants and perpetuating our cycle of excellence," Dean Chopra said.

"Another key reason for our success is due to the very strong partnership that exists between the Kellogg School of Management and the Hong Kong University of Science and Technology. Both schools bring many strengths to the table and work extremely well together. The best faculty from both Kellogg and HKUST participate in the program. The established synergies have led to a truly outstanding program and partnership."

And that partnership stretches far beyond Hong Kong and Chicago. "Beginning in 1996, the Kellogg School established joint Executive MBA programs with HKUST, the Recanati Graduate School of Management at Tel Aviv University in Israel; WHU-Otto Beisheim Graduate School of Management in Vallendar, Germany; and the Schulich School of Management at York University in Toronto," Dean Chopra said. "These partnerships have allowed the school to build an international network of MBA students and alumni dedicated to academic excellence, team leadership and a global mindset."

With the Kellogg-HKUST EMBA, the classroom becomes a microcosm of the global business community, says Julie Cisek Jones, Assistant Dean and Director of Executive MBA Programs at Kellogg School of Management, Northwestern University.

Ms. Julie Cisek Jones, Director of EMBA Program, Kellogg School of Management

"Every student has the opportunity to take elective courses on any of our global campuses. Students study with their executive counterparts from Asia, North America, Europe, the Middle East and Latin America," she said. They not only have amazing opportunities to learn from a global faculty, but also to build a deep personal and professional network.

The coursework itself highlights the best that these campuses have to offer, she said, adding that the timetabling has been designed to allow busy executives to fit the experience into an already crowded schedule.

"The tools on offer from the Kellogg School are world-class," said Cisek Jones, "but it's the faculty that truly stands out. The School fosters an environment where premier faculty, who are literally writing the book about the next phase of business, collaborate extensively with our students and alumni inside and outside of the classroom."

Besides the electives, the emphasis on exposure to a world of business ideas is built into the program through the Kellogg International Live-In Weeks, where students spend two weeks on the Northwestern University campus. "Student cohorts from the Kellogg joint-degree programs convene in Evanston, Illinois for a very immersive, intellectual learning experience," Dean Chopra said. "Through this experience, students build upon their leadership and analytical skills while solidifying relationships with classmates representing different backgrounds, industries and geographies.

"Increasingly, business leaders will be asked to work in a world without borders. For this reason, the Kellogg experience is built upon collaboration, allowing our students to think broadly and consider different perspectives as they learn from faculty and one another," he said.

Learning from the Best, Learning from Each Other

On the shores of the South China Sea in early December, a group of students gathered for their first day of school.

But this is no ordinary class: The 60 students flew in from as far away as Johannesburg to be here this day. And they were a long way from the days of school uniforms and sit-down conferences with school counselors, trying to map out their careers. These students, by definition, have already had extraordinary careers.

"These are star individuals in their organizations, stars in their own world," said James Payne, director of business solutions for TNT Express Worldwide N.V., the Dutch express transportation giant. Payne was among the mid-career professionals who selected to join the 13th class of Kellogg-HKUST Executive MBA program.

For the next 18 months, Payne and his classmates from across industries and geographical boundaries will come together for an intensive program that for two of the past three years has been ranked the world's number one EMBA program by the Financial Times.

So as they meet for the first time, these high-powered executives are excited – and not just a little nervous.

"As much as I've researched the program and spoken to people who have been through the program, you really don't know what it's going to be like until you walk in the door," Payne said. "Am I going to find this technically difficult, or the volume of work difficult? What will my other classmates be like? It's all been a guessing game up to this point."

The day was both an end and a beginning – the end of a period of decision, application and acceptance into one of the top programs in the world, and the beginning of the real work.

And to be successful in the course, this disparate group of superstars is going to have to work together. At the orientation in December, the students were divided into teams of seven or eight students that will be working together as a group through the intensive classes and projects to come.

"I've talked to a couple people who have been through the program, and both pointed out the importance of making the team function together as a group as critical in this program," Payne said.

Teamwork may be the name of the game, but it is also one of the primary reasons why students from around the globe are drawn to the program – to learn not only from world-class instructors from Northwestern University and HKUST, but to learn from each other in an honest and equal environment that isn't found in the rough-and-tumble world of corporate ladder climbing.

"In this kind of environment people are willing to share. You might also be able to meet several types of people in your day-to-day work, but lots of times they are business related which can prohibit people to be so willing to share openly," said Wendy Kok, CFO of Longreach Group, a private equity firm. "Here, you're not in a working environment where you have to protect your own interests. People can share their failures as well, not just how good I am. I think that's really important in this course, and important why me and others are drawn to it."

The diverse background of students creates an eclectic mix. In their business life, there would be little reason for Mahbub-ur-Rahman and Terrence Tsang to work together. Mr. Rahman is head of corporate banking for HSBC in his native Bangladesh. Mr. Tsang is director of food and beverage at the Four Seasons Hotel in Hong Kong. "I eat and drink for a living," said Mr. Tsang, who oversees a staff of 400. Both men are on the same team that will work together through the course of the program.

"I've worked in food and beverage since I was 15, so I know the operations side very well," said Mr. Tsang. "But I want to understand more of the theory side of things to complement what I know. If you want to go into the global economy, you have to know a little bit about all aspects – in terms of strategy, operations management, organizational behavior – all those will help down the line."

"As a corporate banker, it gives me a feel about how other industries are evolving, because that's what I deal with," said Mr. Rahman. "When I see on the curriculum courses that deal with strategies in emerging markets, this excites me a lot since I belong to this market which is also receiving increased focus from my organization."

Also a course on commodities caught his eye, particularly in light of food security issues in the developing world. "If I talk about my country, which I'm very passionate about, its 160 million people on 144,000 square kilometers of space and innovation in managing supply of essential commodities is of key strategic importance here." he said.

"In 2050 it's predicted the world population will grow by 50 percent, but the demand for food will increase by 70 percent – that has to happen with a limited areas of lands. When I see coursework on strategy related to commodities, these are the kinds of things that are important for me to understand, and will be very important for my country."

Family support is key for all the students to balance two weekends a month away in class on top of a full-time work schedule. Mr. Rahman has been married for 15 years. He has two daughters, 10 and 3, and a third child expected in March. "She was my college days sweet heart," Mr. Rahman said of his wife, "she's always been supportive and accommodative of what I need in my career – I have just crossed 40, so this is my prime."

Moreover, talking to graduates of the program, Mr. Payne, the TNT business solutions director, learned the program didn't just change the way alumni did things – it changed them.

"Beyond the tools learned is the overall personal development from the experience of going through the program -- what they learned about themselves personally through relationships with other students, listening to their challenges, listening to what made them more successful or not," Mr. Payne said. "Talking to people who have been through the program, that's been equally as valuable to them as the tools they learned."

From left to right: Mr. Terrence Tsang, Mr. Mahbub Rahman, Mr.James Payne & Ms. Wendy Kok

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(Sources: FT EMBA Ranking, Oct 19, 2009 and WSJ Executive MBA Survey, Sept 30, 2008)

The Kellogg–HKUST Executive MBA Program is a partnership program that combines the strengths of the renowned Kellogg School of Management and HKUST Business School.

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WORLD NEWS

Karzai faces new woes

Afghan Parliament rejects most of president's cabinet nominees

By Habib Zahori

KABUL—The Afghan Parliament declared a recess Sunday after rejecting most of President Hamid Karzai's latest slate of cabinet nominees, in yet another blow to the president's authority.

The move means Mr. Karzai may not have a full cabinet in place when he attends an international conference on Afghanistan in London later this month.

The lawmakers have accused Mr. Karzai of political favoritism in his cabinet choices. Parliamentarians spent most of last week questioning the nominees—14 men and three women—after being ordered by Mr. Karzai to cancel the winter recess until the new government is approved.

Hamid Karzai

But only seven candidates—including new Foreign Minister Zalmay Rasoul and the ministers of justice, labor and counternarcotics—secured Parliament's endorsement on Saturday.

This is the second time this month the Afghan Parliament delivered a blow to Mr. Karzai.

In early January, lawmakers voted against most of Mr. Karzai's candidates for ministers, forcing him to select new nominees. The ministerial positions that remain unfilled include transport, communications, commerce and health.

"It was obvious from the beginning that most of the nominees would be rejected because they were selected by the president based on political patronage, rather than their efficiency," said Fawzia Kofi, a lawmaker from Badakhshan province.

Wahid Omar, a spokesman for Mr. Karzai, told a news conference Sunday that a new slate of nominees will be sent to Parliament when the lawmakers are back from their winter recess on Feb. 20. The president will appoint acting ministers for the unfilled ministries, he said.

"The president believes that it is Parliament's constitutional right to reject whoever they think is not suitable for the ministerial post," Mr. Omar said.

Mr. Karzai, who was declared winner of the fraud-marred presidential elections in August, is under growing pressure at home and abroad to prove his commitment to a corruption-free and accountable government in return for continuing international support.

He has aimed to have the government in place in time for the international conference on Afghanistan that will be held in London on Jan. 28.

But opposition within Parliament has solidified in recent months, in part because of public backlash over the tainted election.

Fresh parliamentary elections are tentatively scheduled for May 22, raising the possibility of more acrimony later this year.

Western countries and the United Nations want to see the date pushed back until electoral reforms are enacted to avoid a repeat of last year's fraud.

The presidential election provided a propaganda coup for the Taliban, who have stepped up attacks in recent months.

The Taliban have continued to wage attacks against coalition troops and to assassinate government officials despite a traditional hiatus in fighting in the winter months.

On Sunday, a district chief was shot and killed along with five of his men when his car was ambushed in the Chesht-e-Sharif district of Herat province in western Afghanistan. One of the dead included the district's chief of criminal investigations.

The officials were traveling near the district capital when insurgents "opened fire from all sides," said Esmatullah Alizai, the police chief of Herat.

One U.S. serviceman was killed in a firefight in eastern Afghanistan, coalition forces said Sunday. His death brings the number of fatalities to 28 among coalition forces so far this month, compared to 25 killed in all of January last year.

U.S. keeps science lead, but other countries gain

By Justin Lahart

The U.S. remains the world's science and technology leader, but other countries are gaining ground, the National Science Board said Friday in its biennial report on science and engineering.

The U.S. accounted for nearly a third of $1.1 trillion spent on research and development globally in 2007, minted more science and engineering doctorates than any other country, and led the world in innovative activity. Efforts by China and other developing Asian countries to boost their science and engineering capabilities are bearing fruit, however, and the gap between them and the U.S., though still wide, is narrowing.

For the 10 years ending in 2007, the most recent year for which the data were available, spending on research and development grew between 5% and 6% annually in the U.S., Japan and the European Union. Similar spending in India, South Korea and Taiwan grew an average 9% to 10% a year over the same period. In China, it averaged more than 20%.

The U.S. awarded 22,500 doctorates in natural sciences and engineering in 2007, but more than half of them were awarded to foreign nationals. Past experience suggests that rather than return to their native countries, many of those new Ph.D.s will stay in the U.S. The report noted that 60% of temporary visa holders who earned doctorates in science in engineering in 1997 were working in the U.S. in 2007. The National Science Board is the advisory body of the National Science Foundation, an independent U.S. government agency.

U.S. researchers published about a quarter of an estimated 760,000 research articles in peer-reviewed journals in 2008. Chinese researchers published 8% of the research articles, up from just 1% in 1988.

Despite China's strides, researchers in China accounted for only about 1% of U.S. patents granted in 2008. Inventive activity in China "appears elusive, at least as indicated by patents filed in a major Western market," despite Chinese government efforts, the report noted.

U.S.-based inventors accounted for 49% of patents granted, down from 55% in 1995.

Deadly U.S. drone attack hits suspected militants in Pakistan

By Zahid Hussain

ISLAMABAD—Missiles fired by a U.S. pilotless drone at a suspected militant hideout in Pakistan's tribal region Sunday killed at least 12 people, in the latest attack targeting al Qaeda and Taliban sanctuaries along the Afghan border.

The drone shot four missiles into a compound in the Shaktoi region on the border between South and North Waziristan, Pakistani security and local officials said. It was the third raid in the area since Thursday. Three foreign militants were believed to be among the dead. The identity of the victims wasn't available.

It was the tenth drone strike in Waziristan this year, marking a significant increase in the U.S. campaign against al Qaeda and Taliban strongholds. More than 65 people have been killed in the burst of attacks.

Last week, a drone strike killed Jamal Saeed Abdul Rahim, one of the most wanted men on the Federal Bureau of Investigation's list of terrorists. He had been convicted in Pakistan for his involvement in the 1986 hijacking of a U.S. airliner.

The drone strikes have become more frequent since the Dec. 30 suicide attack by a Jordanian double agent on a U.S. forward base in eastern Afghanistan that killed seven Central Intelligence Agency operatives. Al Qaeda was believed to be behind the attack.

The Shaktoi region is where Taliban fighters fleeing the Pakistani military offensive in South Waziristan are believed to have taken refuge. It was hit twice on Thursday by CIA-operated drones, killing 15 suspected militants. Hakimullah Mehsud, the top commander of the Pakistani Taliban, was said to be the main target of those attacks.

A local government official has said Mr. Mehsud was seriously wounded in the raid. But in an audiotape message released on Saturday, a man who said he was the militant leader denied he was in the area during the attack.

Associated Press

Pakistani troops patrol on a hilltop in South Waziristan in November.

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WORLD NEWS: U.S.

Fed stays its course despite worries

By Jon Hilsenrath

Although Federal Reserve officials expect the economy to grow too slowly this year to bring the jobless rate down substantially, they are likely to conclude at their Jan. 26-27 meeting that there isn't much more they can do about it.

That means sticking to their stated plan to end purchases of mortgages at the end of March, roll back emergency lending programs in February and maintain the vow to keep interest rates exceptionally low for at least several more months.

"I think that we are going to be waiting for the economy to improve in a strongly sustainable fashion and until that happens, then it's unlikely that we would be changing policy," Charles Evans, president of the Federal Reserve Bank of Chicago, told reporters last week.

High unemployment is one of several issues that nag at Fed officials as they attempt to gradually pull away from their role as the economy's chief rescuer.

They also are antsy that the housing recovery could stall when they finish buying $1.25 trillion of mortgages in March; the Fed now holds $919 billion worth. Eric Rosengren, Boston Fed president, said through a spokesman that the Fed's mortgage purchases have helped to push mortgage rates down by between a quarter and three-quarters of a percentage point. But when it stops buying, rates likely won't go up by a like amount because the Fed will be holding onto its portfolio rather than selling it down aggressively.

Many Fed officials believe the rise in mortgage rates will be less than half a percentage point and thus won't seriously hurt the housing recovery. A Wall Street Journal survey of economists finds nearly two-thirds predict rates will climb less than half a percentage point when the Fed buying stops.

Fed officials are leaving open the possibility of more mortgage-buying if the economy and housing market falter. But if the economy performs as the Fed expects, most officials appear inclined to let the program run out.

"There is a desire to phase out these purchase programs as soon as it makes sense and there are stated dates for doing that," Dennis Lockhart, president of the Atlanta Fed said in a recent interview.

Fed officials worry about the risks of expanding their mortgage holdings. The more securities they buy now, the harder it will be to reduce the portfolio later. Additional purchases could cause investors to lose faith in the Fed's ability to fight inflation, trigger a sharp drop in the dollar or a surge in commodity prices. That could lead to higher mortgage rates.

Getty Images

Job seekers line up Tuesday at a career fair in Hallandale, Fla. High unemployment is among concerns for Federal Reserve policy makers.

The Fed is inching toward the exit door in other ways as markets regain their footing. A range of now little-used emergency lending programs expires Feb. 1, including those that offer short-term loans to industrial companies and Wall Street brokers and provide a backstop to money-market mutual funds.

The Fed also could soon raise the rate it charges banks for emergency loans, the discount rate. The Fed has cut this rate to 0.5% from 6.25% in August 2007 to encourage banks to come to it directly for funds. As markets have stabilized, banks are borrowing from it less, meaning the Fed could be in a position to start tightening terms on these loans.

The discount rate is less important than the federal-funds rate, which banks charge each other for overnight loans. Fed officials see a discount-rate increase mostly as a signal of the shift away from rescue lending, not a step toward raising interest rates more broadly.

Officials are deep into discussions about how to manage the mechanics of broader interest-rate increases, even though that moment still looks to be many months away.

The Fed's first step will involve a change in rhetoric, altering its description of the economy and, eventually, its vow to keep interest rates low for "an extended period."

When they want to raise interest rates, Fed officials will have at least two new levers to pull. They could drain some of the $1 trillion they have poured into the financial system. Or they could raise a rate they pay banks directly for money that is kept on reserve with the Fed. Raising that interest rate on reserves would push banks to tighten lending or raise rates on loans they make to others.

Either step would tighten financial conditions and could help push up the benchmark fed-funds rate.

Fed officials haven't decided which step to take first. With worries about housing and unemployment lingering, they aren't inclined to hurry the decision.

Inflation in check, a warning sign appears

By Mark Whitehouse

Holiday discounting helped keep inflation at bay in December, but fresh data on the state of U.S. industry suggest price pressures could yet become an obstacle to recovery.

The Labor Department reported Friday that its index of consumer prices rose a tame 0.1% in December from the previous month, held down by decelerating fuel prices and declines in the prices of items such as toys, televisions and new cars.

In a reflection of the depth of the recession and a sharp drop in oil prices, the index average for all of 2009 was 0.4% lower than in 2008—the first such full-year decline since 1955.

But in an ominous sign, a separate report from the Federal Reserve showed industrial capacity shrinking as new investment fails to keep pace with depreciation. The U.S. economy's total capacity to produce goods, from oil to cars, was down 1% from a year earlier in December, the largest annual decline since record-keeping began in 1967.

If the trend persists, it could make the economy more vulnerable to inflation, leaving companies without enough machine tools, assembly lines and warehouses to meet a significant rise in consumer demand. That in turn could lead them to raise prices sooner than they otherwise would—and force the Fed to raise interest rates before the economy has fully healed.

The decline in capacity "presents an incredible challenge," said Brian Bethune, U.S. economist at consultancy IHS Global Insight. "The more capacity gets destroyed, the more likely we are to get bottlenecks when the economy picks up. It's going to be a very tough place for the Fed."

To be sure, most economists inside and outside the Fed expect inflation to remain under control this year. In the latest Wall Street Journal economic-forecasting survey, the average estimate for consumer-price inflation in 2010 was 1.8%. The Labor Department's "core" price index, which excludes volatile food and energy prices, rose 0.1% in December, and was up 1.8% from a year earlier—well within the central bank's preferred range of 1.5% to 2%.

Meanwhile, with the national unemployment rate at 10% and expected to remain high though 2010, U.S. consumers might not be able to generate much spending growth. In the first part of January, the Reuters/University of Michigan consumer-sentiment index rose slightly, to 72.8 from 72.5, but remains well below its long-term average.

Still, sharp rises in the prices of commodities from wheat to oil suggest resurgent global demand is beginning to take the slack out of the economy. Rising commodity prices might be working their way into the prices of consumer goods. Food prices rose at an annualized rate of 1.2% for the three months ended December, after declining at a 1.1% rate in the three previous months.

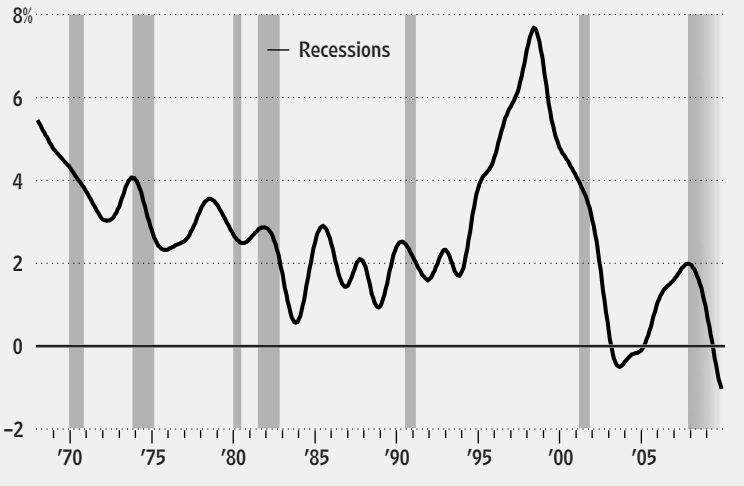
Shrinking capacity isn't yet an issue for most industries, which are operating well below their potential. But some are beginning to bump up against their limits. Overall, industrial production rose 0.6% in December, driven by a sharp rise in utilities as cold winter weather set in. Manufacturing declined 0.1%.

Bloomberg News

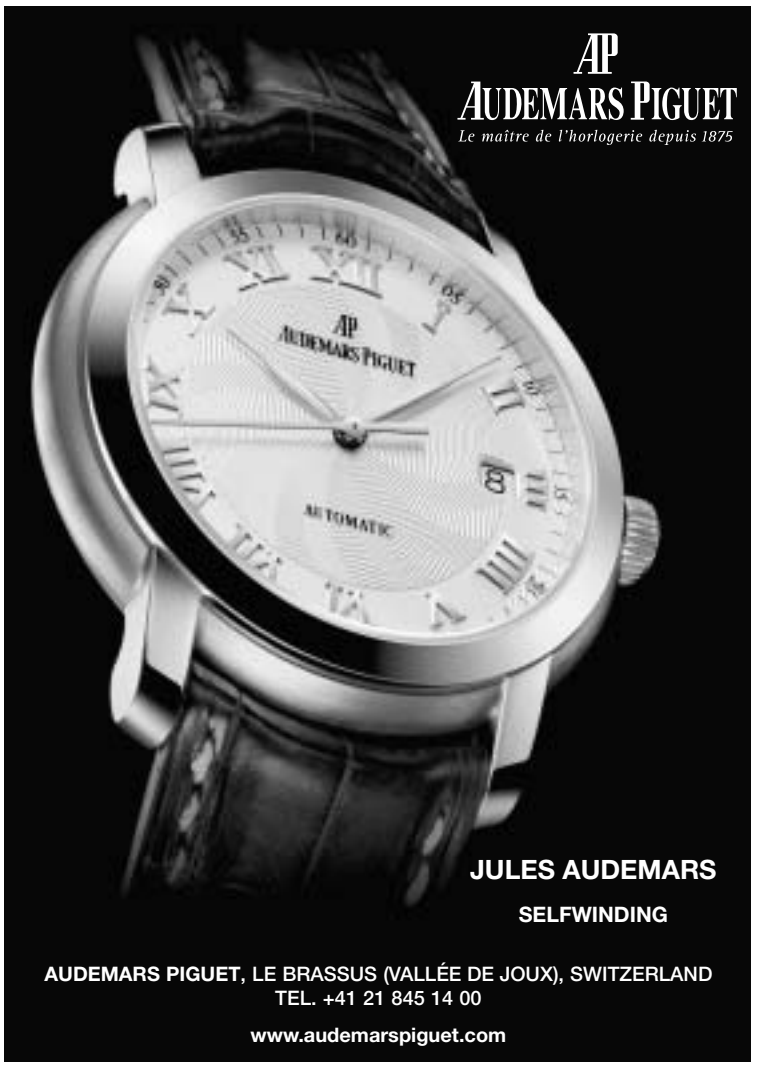
Wooden planks are made into doors at the Sierra Pacific milling plant in Red Bluff, Calif., in early January.

Shrinking potential

Change in U.S. industrial capacity from a year earlier



Source: U.S. Federal Reserve



WORLD NEWS

Somali leader pleads for more help

Former schoolteacher warns of foreign fighters and takes credit for surviving a year; al Qaeda has strong presence

By Sarah Childress

NAIROBI, Kenya—The president of Somalia warned that his country lacks the international support it needs to thwart insurgents who are trying to overthrow his government, as al Qaeda attempts to secure its foothold in the horn of Africa.

In an interview, Somali President Sheikh Sharif Sheikh Ahmed said his government controls only parts of Mogadishu, the capital. Al Shabaab and other militant groups have overrun much of southern Somalia, despite the U.S. and other Western governments' viewing Somalia as a key battleground against al Qaeda in Africa and despite pledging their assistance.

"The problem faced by Somalia now is not one that can be dealt with by the Somalis alone," said President Sharif, speaking from a hotel suite during a visit to Nairobi. "The support we get is much less than what we anticipated, and than what we need. [Somalia] is a country that is destroyed, that has the presence of al Qaeda, that needs a comprehensive plan."

Somali government troops have struggled to fend off the militants. The government-backed forces are known to be underpaid and not sufficiently trained, but Mr. Sharif said that the condition of his troops had improved and that reported incidents of some selling weapons to militants for food were "not that common."

The Somali government needs a strong security force to reclaim the country and maintain stability. Powerful militant groups have united to overthrow the government. In the most recent attack, three ministers and several civilians were killed last month when a suicide bomber attacked a graduation ceremony.

For now, the government relies mainly on the African Union peacekeeping forces to secure parts of Mogadishu and to protect the international airport.

The shaky security situation is part of a grim overall picture for a government that has little to show for itself after one year in power, other than its own survival. Mr. Sharif said he blamed the lack of progress on the influx of foreign fighters who have undermined plans to stabilize war-torn Somalia, and on a lack of support from the international community.

The U.S., a major supporter of the government, has provided funding to the government as well as helped train its forces. The U.S. hasn't said whether it would increase its support this year. According to the most recent figures available from the African Union, the international community by October had delivered 39 million of the $200 million pledged at a donor's conference in Brussels last year.

Reuters

Somalia's President Sheikh Sharif Ahmed addresses naval forces in the capital Mogadishu last month.

"What was not in our calculation at the time is that the enemy prepared itself and wanted to bring down this government before it could stand on its own feet," he said. "I'm glad to report that we have been able to remain in place and defend ourselves from this."

The attempted Dec. 25 bombing of a U.S. airline by a Nigerian national, for which al Qaeda has claimed responsibility, offers a reminder of how al Qaeda appears to view Africa not just as a potential recruiting pool, but also as a place from where it can establish a base to launch attacks. Somalia's weak government offers one such potential staging ground. Al Qaeda has taken similar advantage of Yemen, a troubled country across the Gulf of Aden from Somalia.

The president said the foreign fighters—from countries such as Yemen and Pakistan—have taken a leadership role among Al Shabaab, a homegrown extremist group. They offer training and technical advice to improve the sophistication of the militants' attacks, and they help plan the groups' combat strategies, he said. Some Shabaab fighters, he said, have also been sent to train with al Qaeda in Afghanistan.

Mr. Sharif, who wore a Muslim prayer hat and a gray suit with a Somali flag pin, emerged as a moderate voice in the Union of Islamic Courts, an Islamist government that took control of Somalia briefly in June 2006. That government was overthrown by Ethiopia six months later. Mr. Sharif returned to power in January 2009 after he was elected president by the parliament. The U.S. and other Western governments regard the softspoken former schoolteacher, who is in his mid-forties, as their best bet for delivering a degree of stability to a country that has seen little of it for nearly two decades.

Since the fall of Somali dictator Siad Barre in 1991, the east African nation been dominated by clans with shifting alliances. In that power vacuum, Somalia has become a haven for extremist groups, and more recently, piracy.

In the past year, piracy has become a more sophisticated business, giving rise to entire towns along the Somali coast that thrive on a ransom economy.

"So long as there's no peace and security in Somalia, it is hard to deal with the issue of piracy," Mr. Sharif said. "Every time they get large ransoms, they reinforce their capacity to do harm. That's the challenge."

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Europe isn't keen to levy U.S.-style tax on banks

By Adam Bradbery

LONDON—European countries signaled they aren't likely to follow the U.S. government's lead and introduce a tax on banks' liabilities to cover the cost of financial bailouts.

But some reiterated their support for a global-transactions levy to raise funds for future crises.

The proposed U.S. bank tax makes it far less likely that governments around the world will agree on such a global levy because the U.S. won't want to place a further financial toll on its banks, regulatory observers said. For their part, European governments likely are cool toward the U.S. tax because of its potential impact on lending at a time of slow economic growth.

"I think it does make it less likely because I can't see a global-transaction tax without the U.S. joining it and, having gone down this route [of a tax on liabilities], the U.S. is probably less likely to add another tax," said John Hitchins, U.K. banking leader at PricewaterhouseCoopers LLP.

President Obama unveiled a plan Thursday for what he called a financial crisis responsibility fee that is designed to recoup taxpayer funds and reduce risk-taking at banks. It is expected to raise $90 billion over the next 10 years, with about 60% of the revenue coming from the 10 largest financial firms.

U.S. officials said the tax would hit U.S. subsidiaries of 10 to 15 foreign banks.

But European governments indicated they wouldn't introduce similar taxes because they don't need to raise as much money, or will recoup taxpayer cash in other ways.

The U.K. Treasury said it is studying the U.S. plan but suggested it won't need such a tax because it expects to retrieve bailout money by selling the shares it owns in the banks it rescued. However, the government is considering the possibility of a global-transactions tax to raise funds for future crises.

In Germany, a Finance Ministry spokesman said the government doesn't have any plans to impose a special levy on banks to pay for costs that resulted from the financial crisis. But Chancellor Angela Merkel reiterated her support for the introduction of a global-transaction levy.

The U.S. proposal is for a fee of 0.15% of bank assets after subtracting Tier 1 capital and deposits insured by the Federal Deposit Insurance Corp. This means the U.S. government will be taxing the risks that banks take in their lending at a time when lending is needed to fuel economic growth.

European governments are much more receptive to the idea of a global-transactions tax like that proposed by U.K. Prime Minister Gordon Brown in November because it would target more speculative activities on the wholesale market.

The Group of 20 industrial and developing nations has asked the International Monetary Fund to analyze how a global-transaction tax could be constructed. The IMF expects to report its findings in April.

—Andrea Thomas in Berlin and Jonathan House in Madrid contributed to this article.

Reuters

Alibaba has struggled to come up with a strategy to revitalize Yahoo China. Jack Ma, Alibaba's chairman and founder, in Singapore in November.

Alibaba faults its partner Yahoo

Continued from first page

the time as a way to enable to Yahoo to grow more quickly in China.

Instead, the relationship between Yahoo and Alibaba has grown increasingly fraught. Yahoo has benefited financially from the deal—its stake in Alibaba Group, which owns Hong Kong-listed business trading unit Alibaba.com Ltd., is now worth several billion dollars.

But Yahoo China has steadily lost share in China's Internet search market, and its brand has faded considerably in China. The site had less than 1% of China's search market revenue in the fourth quarter of 2009, compared with 21% in 2005, according to data from research firm **Analysys International**. Alibaba has struggled to come up with a strategy to revitalize Yahoo China. It currently plans to reposition the site as an entertainment-focused portal.

Yahoo and Alibaba have also taken different public positions over human rights in China. Shortly after their tie-up, allegations emerged that Yahoo's Chinese operation in 2004 had provided account information to Chinese authorities about one of its email users, journalist Shi Tao.

The information was used to convict Mr. Shi for divulging a government document related to coverage of a sensitive political anniversary. Mr. Shi was sentenced to 10 years in prison.

Yahoo's management suffered an immense public backlash over the issue. Before a congressional panel in 2007, Mr. Yang personally apologized to the families of Shi Tao and another dissident that rights groups said had his personal email information turned over to Beijing by Yahoo. Tom Lantos, then a congressman from California, castigated Yahoo's management, saying "while technologically and financially you are giants, morally you are pygmies."

Alibaba, meanwhile, flatly stated that it would fully cooperate with the Chinese government in any future conflict between a Yahoo China email user and Beijing. "I'm not a political group; I'm a businessman," Mr. Ma, Alibaba's chairman, said at the time.

With the Google issue now eliciting even stronger public disagreement between Yahoo and Alibaba, it is unclear where the relationship might go from here. Yahoo Chief Executive Carol Bartz, who took over in January last year, told Alibaba executives in the spring that she wasn't pleased with how Alibaba had handled Yahoo's brand in China. Ms. Bartz has had no contact with Alibaba's top management since then, a person familiar with the relationship said.

Ms. Bartz said in June that Yahoo has no reason to sell its stake in Alibaba. In September, however, Yahoo sold its entire 1.1% direct stake in the company's Alibaba.com unit for about $147 million, though it retains its stake in the parent.

Alibaba spokesman John Spelich declined to comment on the possible future of Yahoo's stake.

Alibaba has previously examined the possibility of buying the stake Yahoo owns, after **Microsoft** Corp. made an unsolicited bid for Yahoo early last year.

People close to the situation said at the time that Alibaba wanted to prevent the stake passing into Microsoft's hands, because Alibaba executives were concerned that Microsoft's size and history of hands-on management could jeopardize Alibaba's autonomy and its image as a Chinese company.

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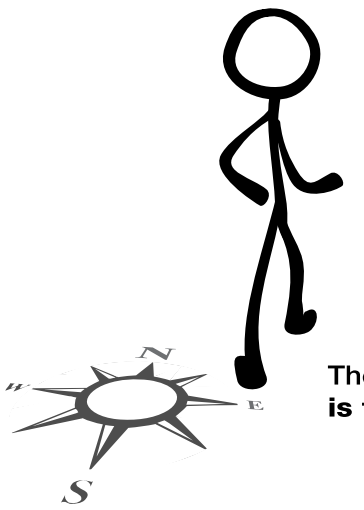

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MANAGEMENT

SouthGobi chief sets an urgent pace

HONG KONG—Unpacked boxes clutter desks and floorspace at the head office of **SouthGobi Energy Resources** Ltd. Such has been the pace of change at the Canadian-owned mining company since Chief Executive Officer Alexander Molyneux joined last year that the office the firm leased last summer is already too small.

"I really want to do everything as quickly as possible," said Mr. Molyneux, a 34-year old former investment banker. "If you think in a net present value mindset every day, there's value in it."

SouthGobi—79%-owned by Canada's **Ivanhoe Mines** Ltd. whose biggest shareholder is mining dealmaker Robert Friedland—is the largest coal producer in Mongolia in terms of export sales.

In about nine months, Mr. Molyneux has overhauled the company's management team, added 50% more employees, taken the company's shares from a junior Canadian board to the main board of the Toronto Stock Exchange, and secured US$500 million in debenture financing from influential sovereign wealth fund **China Investment** Corp.

The management team has been on a global roadshow ahead of an initial public offering of shares in Hong Kong later this month. SouthGobi is seeking US$462 million. CIC and Singapore sovereign wealth fund **Temasek Holdings** Pte. Ltd. each have pledged to purchase US$50 million in shares. SouthGobi will close public subscriptions to its Hong Kong IPO on Wednesday, a day earlier than planned.

"The only reason I want to do everything as quickly as possible is you create value that way," said Mr. Molyneux.

Mr. Molyneux recently sat down in the company's cramped office—SouthGobi will probably have to break the lease in coming months, he says—to talk to The Wall Street Journal's Duncan Mavin.

The following interview has been edited:

Bloomberg News

Alexander Molyneux, chief executive of SouthGobi Energy Resources, has overhauled management and hired many new employees.

WSJ: You've already done a lot in your first year as CEO, but the CIC debenture deal obviously stands out.

Alexander Molyneux: When I came on board, the dynamic that was missing was China. In China, there's a pecking order that starts with the government, then key state-owned enterprises, down to Chinese billionaire privately owned companies and foreign companies. If you want to get paid on time, sell your coal to the best customers, move your coal on the railway, it's based on the pecking order. We tried to get as high up the pecking order as possible.

WSJ: Beyond a Mongolian coal mine, why would CIC pick SouthGobi?

Mr. Molyneux: We said to them by investing in SouthGobi, we'll get you to know [Ivanhoe Mines and Robert Friedland]. We brought him to meet [CIC Chairman Lou Jiwei] a few times, and former Canadian Prime Minister [Jean Chretien] came out to talk about investing in Canada. In those meetings SouthGobi wasn't really discussed—it was more getting to know our major shareholder. I think they're quite interested in other [Ivanhoe] group companies.

WSJ: Appointing a banker as CEO sends a clear signal to the market. Is your task to capitalize the company?

Mr. Molyneux: The trick to mining is to get the capital in, then you've got the ace up your sleeve. CIC got us halfway or two-thirds of the way there.

Robert's strategy has been to be the explorer: I'll find it and then I'll sell it. But the financial crisis hit and coal prices fell. People weren't proposing to buy it for what it was worth and Ivanhoe realized they could make it worth a hell of a lot more by producing quite positive cash flows.

The challenge will be continuing to transform this business in size. Our employee base has grown 50% in six months—predominantly mining staff. In 2010 our coal production will be triple what it was in 2009. In two years' time, the work force will have to more than double again and the management team will have to grow again.

WSJ: You're a Canadian company, based in Hong Kong, with a mine in Mongolia, and a significant investor in Beijing. Are there cultural issues to juggle when managing this business?

Mr. Molyneux: I think the last team really struggled with it. The culture was a bit more "We're Canadians and we know how to do everything—you're Mongolians and aren't up to the same level." Also, there was friction on the customer side. Literally the day I arrived, they were about a day away from suing a Chinese customer that wasn't paying on time. You'll get nowhere in China by suing a customer. They're not paying because there's a problem you're not listening to. Now that customer pays literally on the dot every single month.

The Power List

The top business leaders in Asia making headlines last week in select global and regional media. Powered by Dow Jones Factiva and edited for relevance and clarity.

DAVID C. DRUMMOND

Senior Vice President, Corporate Development; Chief Legal Officer
Google

Mr. Drummond wrote the now-famous blog post on the Internet search company's Web site describing its shifting stance toward censorship in China, putting the company's future in the world's largest growth market in question.

KAZUO INAMORI

Honorary Chairman
Kyocera

The soon-to-be 78-year old entrepreneur is being pulled out of retirement to take the top spot at troubled Japan Airlines.

MANOJ KOHLI

Chief Executive, Indian operations
Bharti Airtel

The Indian telecommunications company named Mr. Kohli to head a new international business division as it seeks foreign growth in the wake of the collapse of its tie-up with South Africa's MTN Group.

OLEG DERIPASKA

Chairman
UC Rusal

Mr. Deripaska's aluminum giant went on the public relations offensive last week, defending its financial strength ahead of its Hong Kong IPO.

ROBERT LLOYD

Executive Vice President, World-Wide Operations
Cisco Systems

The network equipment maker created a China-focused division that Mr. Lloyd said "marks an important next step in our strategy."

Photos: Associated Press (Drummond); Agence France-Presse/Getty Images (Inamori and Deripaska); Bloomberg News (Kohli); Reuters (Lloyd)

Compiled by Carlos Tejada/ The Wall Street Journal

The 'Responsibility' Tax

The White House has spent months imploring banks to lend more money, so will President Obama's new proposal to extract $117 billion from bank capital encourage new lending?

Just asking. Welcome to one more installment in Washington's year-long crusade to revive private business by assailing and soaking it.

Mr. Obama's new "Financial Crisis Responsibility Fee"—please don't call it a tax—is being sold as a way to cover expected losses in the Troubled Asset Relief Program. That sounds reasonable, except that the banks designated to pay the fee aren't those responsible for the losses. With the exception of Citigroup, those banks have repaid their TARP money with interest.

> Fannie and Freddie are exempt from the White House banker 'fee.'

The real TARP losers—General Motors, Chrysler and delinquent mortgage borrowers—are exempt from the new tax. Why the auto companies? An Administration official told the Journal that the banks caused the crisis that doomed the auto companies, which apparently were innocent bystanders to their own bankruptcy. The fact that the auto companies remain wards of Washington no doubt has nothing to do with their free tax pass.

Also exempt are Fannie Mae and Freddie Mac, which operate outside of TARP but also surely did more than any other company to cause the housing boom and bust. The key to understanding their free tax pass is that on Christmas Eve Treasury lifted the $400 billion cap on their potential taxpayer losses expressly so they can rewrite more underwater mortgages at a loss.

In other words, the White House wants to tax more capital away from profit-making banks to offset the *intentional* losses that the politicians have ordered up at Fan and Fred. The bank tax revenue will flow directly into the Treasury to be spent on whatever immediate cause Congress favors. Come the next "systemic risk" bailout, taxpayers will still be on the hook. "Responsibility" is not the word that comes to mind here.

The tax will apply to liabilities that are not already insured by government, so the White House is saying it will deter excessive risk-taking. And it does at least tilt at the role of excessive debt in creating systemic risk. But the heart of the moral hazard for the biggest banks is the implicit government guarantee that they will never be allowed to fail, and the tax does nothing about this.

There's encouraging news that bank failure may still be an option. A bipartisan Senate effort led by Bob Corker (R., Tenn.) and Mark Warner (D., Va.) is considering the creation of a special bankruptcy court to decide whether an institution should go through bankruptcy or be subjected to an FDIC resolution process.

The first route sounds better than the second. Although FDIC Chairman Sheila Bair has been an outspoken advocate for a resolution process with certain punishment for failure, the provisions recently passed by the House would yield the opposite. The FDIC could choose among a number of ways to assist a company, and could decide how hard a bargain to drive with the firm's various creditors as well as discriminate within the same class of creditors. Not even the New York Federal Reserve of AIG fame has been willing to do the latter.

Another idea to reduce the moral hazard of too-big-to-fail would be to restore long-ago limits on leverage. For example, abolish the corporate income tax for financial companies and replace it with a tax on assets that rises with the bank's leverage ratio. There could be a tax-free zone at leverage levels below current regulatory standards. Washington could also reform margin requirements.

These ideas should all be thoughtfully considered, but of course that is hard political work and the biggest banks would oppose them because they secretly like too-big-to-fail. As for the politicians, it's so much easier to blame bankers, deplore their bonuses, tax them, regulate them, accept their campaign contributions and then bail them out while you talk about "change" and "responsibility."

Where Is Gao Zhisheng?

Gao Zhisheng has already paid a heavy price for his work as one of China's leading human rights lawyers. Five years ago he was the darling of the Chinese legal community, feted with awards for the cases he took defending clients in medical malpractice or business disputes. His decision to represent controversial clients such as the victims of forced evictions led to increasingly severe retaliation by the government. Today some observers are worried that he may have died at the hands of the police.

State security forces took Mr. Gao into custody last February, and one of those policemen last week told his brother that he went "missing" while on a walk on Sept. 25. The family's lack of contact with Mr. Gao, in contravention of China's own laws, had already stoked fears for his safety, and this police claim not to have him in custody suggests that the authorities have something to hide in their handling of the case.

> The disappearance of a lawyer says a lot about the rule of law in China.

Mr. Gao has been a victim of the very legal system whose corruption he worked to expose. Having been found guilty of "inciting subversion" in 2006—a standard charge for those who displease the government—his three-year jail sentence was suspended for five years. His law firm was closed down, and he lost his license to practice. Nevertheless, he continued to campaign on behalf of victims of government abuses, suffering periodic detentions. He wrote an open letter detailing his torture at the hands of the police during one such detention, and his wife and daughter were subject to constant harassment, to the point that they have now fled the country.

The great irony is that those things he was fighting for—judicial independence, the rule of law, impartiality—are all things that the Chinese government itself professes to encourage. The Ministry of Justice seemed to recognize this when it named Mr. Gao one of the country's top 10 lawyers in 2001. But now that he is "missing," Mr. Gao is outside that legal system entirely.

The United States Embassy in Beijing tells us that the State Department has raised Mr. Gao's case "repeatedly" with Chinese authorities over the last year. Only persistent attention will bring out the truth of Mr. Gao's fate, and offer some protection to China's beleaguered human rights lawyers.

Greece and the Single Currency

History has it that coins were first invented in the Greek kingdom of Lydia 2,600 years ago. Ever since, those in charge of the money supply have been succumbing to the temptation to debase it in order more easily to pay their bills. Now Greece is supplying the world with another lesson in the uses and misuses of money.

> The euro has given Athens an opportunity to avoid impoverishing its people.

Last Thursday, European Central Bank President Jean-Claude Trichet tried to tamp down speculation that Greece could be run out of the euro zone, even as the cost of insuring Greek government bonds against default hit new highs. Greece's fiscal problems, along with those of Portugal and Ireland, have also given rise to speculation that the 16-member euro zone could be headed for break up, or at least a winnowing-out. Fears of Greek default have sent its bond spreads up to 2.77 percentage points above German government bonds—unprecedented for any country since the euro was established 11 years ago. In Germany, Chancellor Angela Merkel predicted "difficult years ahead" for the single currency.

There's no question Greece is in a tight spot. Its fiscal deficit hit 12.7%, according to official statistics that even now the European Union says are subject to doubt. Its monetary policy is controlled by the ECB in Frankfurt, meaning it doesn't have the option of monetizing its debt, as the U.S. and the U.K. have effectively been doing over the past year.

But would it really be better off on its own? Throughout the 1980s, Greek inflation rates flirted with 20% a year, and interest rates were commensurately high. Seen in that light, 6% rates on Greek bonds don't look that painful. Without the single currency, there can be little doubt that Greece would already have devalued, voluntarily or not.

That might have taken some pressure off the government to get its fiscal house in order. But it would have impoverished the entire country in the process and probably sent interest rates soaring close to pre-euro levels. The euro, in other words, is not to blame for Greece's financial woes. Greece's political class is.

Yesterday Greek Prime Minister George Papandreou (who took office in October) outlined a proposal to get the budget deficit below 3% of gross domestic product by 2012. That's easier said than done. To have any chance at all, Mr. Papandreou and his Socialist Party will have to face down public-sector unions to whom the government has made promises it can no longer afford.

Still, the alternative for Greece is worse, and would be whether those obligations were denominated in drachmas or euros. Those who see the euro as a shackles on the government in Athens aren't wrong. But they are forgetting how successive Greek governments abused the monetary freedom afforded to them before joining the single currency. The record of the drachma was one of inflation and depreciation, and Greece is well rid of it.

In the 20th century, the world's governments shifted to fiat currencies in part to facilitate their own fiscal profligacy. The irony of the euro is that, in theory, it rests on even more tenuous foundations than most national fiat currencies. Yet in practice it has better served most of those who use it than the lire, pesetas and drachmas that it replaced.

Now the euro has given the Greeks an opportunity, if they'll take it, to avoid another in a long series of currency debasements. But the market is speaking, and the message it's sending via credit-default swap prices and interest-rate spreads is that the burden of proof is on the Greek government to prove that it is capable of spending within its means.

OPINION

'Nobody's Watching Charlie Rose'

[The Journal Interview with Glenn Beck]

By James Taranto

New York

Glenn Beck didn't always believe in what he was doing. "When I was young, I used to hear people say, 'He's a golden boy. Look at that guy. Can you imagine what he's going to be like when he grows up?' Well, I unfortunately bought into that. And I hadn't even found myself. Quite honestly, I was running from myself. But I knew how to work Top 40 radio."

"Golden boy" was no exaggeration. "I was in Washington, D.C., on the morning show, by the time I was 18, programming a station by 19, No. 1 in the mornings. I think I was making, I don't know, a quarter of a million dollars by the time I was 25," he tells me in his midtown Manhattan office, a few blocks from the Fox News Channel studio where he now broadcasts his eponymous program every afternoon.

A drinking problem helped plunge Mr. Beck into personal and professional crisis: "By the time I was 30," he says, "nobody would work with me. I was friendless, I was hopeless, I was suicidal, lost my family—I mean, it was bad. Bottomed out, didn't know what I was going to do. I actually thought I was going to be a chef—go to work in a kitchen someplace."

Instead he found a calling in talk radio. It was late in the 1990s: "I did one of my first shows at WABC [in New York]. I was filling in for somebody. . . . I used to have to write everything out and keep copious notes on everything. I overprepped everything. And I got to the end of my first hour, and I looked down at all the notes, and I hadn't touched the first piece of paper. It was all off the top of my head. It was me being me. That's when I knew: This is what I have to do."

Mr. Beck, 45, has many detractors, but there's no denying that he has made a success of himself. In addition to his Fox show, he hosts "The Glenn Beck Program," syndicated on radio, publishes a magazine and a Web site, and has written seven books. "Somebody told me that our footprint in a month"—the number of people he reaches in all media—"is about 30 million," he says.

His politics are libertarian. "I really kind of dig this whole freedom thing," he says. "I'd like to pass it on to the kids." But he is pessimistic about the prospects for doing so: "I'm a dad, and I no longer see a way for my kids to even inherit the money that I'm making, let alone go out there, have an idea, and create it in their own lifetime."

Mr. Beck blames a political system that he describes as corrupt and out of touch, a sentiment that is widely shared: "People in Washington . . . not all of them, but a lot of them, are not men and women of honor anymore," he says. "I just saw a poll today that said 25% of Americans now believe that their government officials will, for the most part, do the right thing. Only 25%. It's the lowest number ever recorded."

Mr. Beck appeals to a slice of the remaining 75% with a style that is earnest and emotional; he is known to cry on air. Although he has reported on some major news stories, including the scandals involving Acorn and former Obama aide Van Jones, he thinks of himself as a commentator and entertainer rather than a journalist. "I'm not interested in breaking news," he tells me. "I'm interested in telling the story of what's going on and then trying to figure it out."

In doing so, Mr. Beck draws strong negative reactions for both his right-of-center views and his populist style. "Right now, I'm getting hammered by the left and the right, and I get hammered for being an opportunist," he says.

He pleads innocent, arguing that he was as hard on George W. Bush—especially over spending and immigration—as he is on Barack Obama: "Nobody seems to recall the years . . . when I was saying the same thing and program directors were calling me saying, . . . 'Are you kidding me? You're on a conservative talk radio network. You can't come out against George W. Bush.' Well, here it goes.

"That's why I connect now with the American people, because the listeners that . . . have been with me for a long time know that I have said these things at my own peril, that I'm not in it for—I mean, don't get me wrong. I'm a capitalist. I dig money. But I'm not in it for the money."

Cheerful and affable, Mr. Beck responds good-naturedly, even eagerly, when I ask him to respond to his critics. It's a far cry from the liberal stereotype of an angry hater. But his worldview has a dark side: "I don't believe our government officials will do the right thing. They will do the right thing for special interests and for some sort of agenda that they're not bringing me in on."

When I ask him to respond to the charge that he is a conspiracy theorist, he answers, "I am the guy who debunked conspiracy theory."

Mr. Beck says he received death threats from "truthers"—crackpots of the far left and the far right who believe that the U.S. government was behind 9/11—after he denounced them on his old CNN Headline News show in 2007. (Mr. Beck's revelation that Van Jones had signed a truther petition helped force Mr. Jones to resign from the White House Council on Environmental Quality in September 2009.)

"I said those people were a gigantic danger from within, because we must trust each other," Mr. Beck says. "There are limits to de-

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basement of this country, aren't there? I mean, it's one thing to believe that our politicians are capable of being Bernie Madoff. It's another to think that they are willing to kill 3,000 Americans. Once you cross that line, you're in a whole new territory."

Yet while this is all to Mr. Beck's credit, it is not quite responsive to the question. It is possible, after all, to reject one conspiracy theory while espousing others, and the claim that "our politicians are capable of being Bernie Madoff" is, to say the least, a rather sweeping indictment.

Mr. Beck's answer: "I believe the conspiracies, quote-unquote, that are happening now are happening all out in the open. All you have to do is track their actions. Their actions speak louder than their words. It's easy to throw out, 'Well, he's a conspiracy theorist.' Why do you say that? 'Well, because they say they're not doing that.' But their actions show that they are.

"TARP, stimulus—a stimulus package that makes no sense whatsoever. No sense whatsoever! TARP, stimulus, health care that is behind closed doors, where they're giving Medicaid free to states, where they're saying, 'We're going to pay for it by reducing the cost of Medicare while we expand Medicare.' When you look at all those things, and you know that the people who are in and around the planning of those things believe in [welfare activists Richard] Cloward and [Frances Fox] Piven, believe in ["Rules for Radicals'" author] Saul Alinksy—that's not a conspiracy. That's a pretty good educated guess."

* * *

As an example, Mr. Beck notes that Sen. Tom Harkin, an Iowa Democrat, last month described the Senate health-care bill as a "starter home." Says Mr. Beck: "Sen. Harkin says to the progressive left, 'This is a starter home. Don't worry, we can add additions to this, and we'll grow it'"—a paraphrase of Mr. Harkin's remarks, but an accurate one. Mr. Beck continues: "Excuse me? That's everything that I've been saying you're going to do, and you've been denying it."

This fall, Mr. Beck drew friendly fire on an American Enterprise Institute blog from Charles Murray, a libertarian social scientist who conceded that "Beck is spectacularly right (translation: I agree with him) on about 95 percent of the substantive issues he talks about." But Mr. Murray does not care for Mr. Beck's manner: "Our job is to engage in a debate on great issues and make converts to our point of view. The key word is *converts*—referring to people who didn't start out agreeing with us. We shouldn't be civil and reasonable just because we want to be nice guys. It is the only option we've got if we want to succeed instead of just posture. The Glenn Becks of the world posture, and make our work harder."

Mr. Beck answers carefully: "I'm sorry he doesn't agree with me—doesn't agree with my approach." Then he notes the irony of a think-tank intellectual criticizing a populist media star for lacking broad appeal: "How many are reading his blog, and how many are listening to my radio show, television show, reading my books, going to conventions, seeing me on stage? I mean, I think, while I respect his position and his difference in opinion on presentation, I think one of us is probably reaching more people daily."

He continues: "Look, I know a lot of people will disagree with the way I present things. I am being myself—I am a guy who is a recovering alcoholic, who lived a pretty fast life, who works hard every day, quite honestly, not to use the F-word—it used to be an art for me. I am a work in progress. But I also am a businessman that looks to get the word out to the maximum number of people."

And he rejects the implication that his is a lowbrow appeal: "You name the conservative that can do a full hour—a full hour—on Woodrow Wilson and the roots of modern liberalism—for an hour—and have high ratings with it. . . . I had like three really big eggheads on the show, and people watched it. Now, you could be Charlie Rose all you want, but nobody's watching Charlie Rose."

Mr. Beck identifies with the Howard Beale character from the 1976 film "Network." Beale, played by Peter Finch, is a news anchor on a fictional broadcast network who has a nervous breakdown on air, becomes a raving populist, and is a big hit with viewers. Mr. Beck invokes the fictional anchorman's most famous line: "I am mad as hell, and I'm not going to take it anymore. The part of Howard Beale that I liken myself to is the moment when he was in the raincoat, where he figures everything out, and he's like, 'Whoa, whoa, wait a minute! Why the hell aren't you up at the window shouting outside?'"

Mr. Beck adds, "What the media wants to make me is the Howard Beale at the end, the crazy showman that's doing anything for money. That I don't liken myself to."

Some of Mr. Beck's detractors on the left, including MSNBC ranter Keith Olbermann, draw a more sinister cinematic analogy. Mr. Olbermann calls Mr. Beck "Lonesome Rhodes," the cynical TV demagogue played by Andy Griffith in 1957's "A Face in the Crowd."

"I had never heard of Lonesome Rhodes," Mr. Beck says. "I had never seen the movie. . . . As soon as I heard that, I watched it. . . . Lonesome Rhodes and I, I guess, had a few things in common. He was a drunk. I'm in AA; he wasn't. He, at the very beginning, said things that he believed—I think. I'm not really even sure on that. I used to not say the things I believe. . . . Now I've made a vow to myself—it actually comes from Immanuel Kant, the philosopher: 'There are many things that I believe that I shall never say. But I shall never say the things that I do not believe.' . . . The minute I violate that, I'm back to the old drunk Glenn."

The source of the comparison points to another difference between Mr. Beck and Lonesome Rhodes. Mr. Olbermann is no closer to the old ideal of the straightforward, objective newsman than is Mr. Beck, and cable television has yielded up a multitude of other personalities who blend news, strong opinion and entertainment in varying degrees, including Sean Hannity, Bill O'Reilly, Jon Stewart and, until his recent departure from CNN, Lou Dobbs.

* * *

By contrast, the authors of "A Face in the Crowd" and "Network" imagined their protagonists as singular sensations who drew massive audiences at a time when viewing options were far fewer. At his peak, Lonesome Rhodes claims 65 million viewers, more than one-third of the entire U.S. population in 1957. Mr. Beck's Fox show, the third-highest-rated on the cable news channels, averaged 2.9 million viewers a day in 2009, according to Nielsen Media Research. Even his estimated monthly multimedia audience of 30 million amounts to less than 10% of all Americans.

The development of cable television, with its diversity and audience segmentation, seems to have been a necessary condition for the emergence of such programming. Charles Murray may be right that Mr. Beck mostly preaches to the choir, but the observation applies equally to Mr. Beck's competitors and their respective choirs.

Mr. Taranto, a member of The Wall Street Journal's editorial board, writes the Best of the Web Today column for OpinionJournal.com.

OPINION

Don't Let Haiti Return to the Status Quo

By Stephen Johnson

As the humanitarian relief effort unfolds in Haiti and plans are drawn up for repairing the capital city of Port-au-Prince, it would be a mistake to think it is enough to restore the hemisphere's poorest country to the status quo ante. Haitians have been through too much and for too long to deserve so little.

The moment is ripe to implement policies that will take Haiti beyond its position as a failed state and an ongoing recipient of international aid. (It received about $290 million from the U.S. in 2009). Haiti's leaders in particular need to promote a Haitian-led

The Haitian diaspora could lead a post-quake revival if given the chance.

effort to rebuild their public infrastructure and institutions, and to develop a fresh mindset about the country's potential.

Of course, none of this will be easy. The devastation Haitians face is hard to comprehend. Beyond the tens of thousands of people killed or injured, there is potential for a massive displacement of city dwellers to the countryside and to neighboring countries. Then there is Haiti's already dysfunctional health system and a meager law enforcement now taxed further by violence and looting. United Nations peacekeepers—who have helped keep public order since the government was rebuilt following its 2004 collapse—were hard hit with the loss of their mission's headquarters and, reportedly, the death of their highly regarded leader Hédi Annabi.

Even before the earthquake, Haiti's location in the Caribbean has long made it vulnerable to hurricanes and heavy rains. Rural deforestation by the poor seeking wood for cooking fires only made matters worse. Improvised construction made many buildings and homes subject to collapse. Sketchy infrastructure provided little in the way of electricity, potable water or sanitation.

Moreover, Haiti has a history of misrule and squandered opportunities. Generations of despotism hardly prepared it for a short-lived experiment in democracy in the late 1980s when the U.S. urged dictator Jean Claude "Baby Doc" Duvalier to step down. In 1990, Jean-Bertrand Aristide was elected president. In power, he used street mobs and thugs to intimidate his opponents. After his first ouster in 1994, the U.S. invaded Haiti to restore him to office and then spent hundreds of millions of dollars to strengthen government institutions. Meanwhile, Mr. Aristide returned to his old ways and worked against reforms.

After Mr. Aristide lost the support of his own thugs and fled in 2004, things got somewhat better. Provisional rule, U.N. peacekeepers, and then elections in 2006, ushered in weak but stable government and a slow return of foreign investment in Haiti's apparel industry. However, there were few local initiatives beyond simply coping. While governance had progressed at the national level, it languished at the grass-roots level. Absent effective law enforcement, Haiti was still a drug smugglers' paradise.

Associated Press

Lining up for gasoline in Port-au-Prince, Jan. 15.

For now, a coordinated rush of international humanitarian assistance is needed to save lives and support Haiti's fledgling government. But once that process is in place, no time should be lost in encouraging Haitian officials to set ambitious goals and take charge of the country's recovery. Psychologists tell us that the best time to change minds and mobilize people is when they have experienced a traumatic event. Once things begin to turn for the better, the incentive for substantive change will be lost.

Welcome as it is, massive outside assistance only strengthens the impression that Haiti is doomed to be permanently dependent on foreign aid. The sooner international donors encourage Haiti's citizens and expatriates to become the face of humanitarian response the better. A previous visit by the U.S. Navy hospital ship Comfort provides an example. When it came in 2007 as part of a goodwill tour of the Western Hemisphere, Haitian medics were a prominent part of the team attending to local patients, symbolizing a partnership.

Haitianization of the recovery could ease the sting of nature's cruelty and help boost civic participation. Quick organization of local councils and neighborhood institutions to accomplish discreet tasks could help citizens participate in making decisions that directly affect them, as opposed to waiting for politicians' promises to come true.

In the coming weeks, Haitians might have a chance to reset expectations of what they might achieve. In the U.S., Haitian immigrants have proved industrious, inventive and politically involved—ideal qualities for a future Haitian middle class. In the homeland, Haitians should be encouraged to regard themselves as a community of problem solvers.

It can be done. After a deadly tsunami pounded Indonesia's Aceh Province in 2004, people rebuilt homes, the parliament adopted a neglected initiative on disaster management, and a rebel group agreed to a truce, ending a conflict that had lasted some 70 years. Closer to home, consider the Bahamas. It has no natural resources, yet it ranks among the top countries of the world in annual GDP per capita—$30,700—thanks to its citizens' commitment to free markets and sound governance.

President Obama was right to commit $100 million and appoint ex-Presidents George W. Bush and Bill Clinton to lead the U.S. humanitarian response. Yet in all our largess, we should be careful not to become the center of attention. Otherwise, we risk minimizing homegrown efforts, which are the path to self-sufficiency and lasting stability.

Mr. Johnson was deputy assistant secretary of defense for Western Hemisphere Affairs from 2007 to 2009.

Keep on Truckin', Detroit

By Holman W. Jenkins Jr.

What a shocker that GM reportedly plans to invest $1 billion to launch new versions of its big, fuel-guzzling pickups and SUVs. Does this mean the whims of the Obama administration can't be expected to trump economic reality after all, which would be a terrible precedent for health care?

GM's surprise, of course, is no surprise, unless you live on some faraway world where the visions of the Sierra Club prevail. Demand for pickup trucks was said to "collapse" during the recession and home-building slump, but sales of all vehicles collapsed. In good years and bad, the two top-selling vehicles in the U.S. have almost always been Ford and Chevy pickups, with the Dodge pickup somewhere in the top five or 10. That hasn't changed.

Out of bankruptcy and under new management, GM naturally wants to survive and prosper. Just as naturally, it intends to invest in the vehicles that traditionally have generated its best sales and earned its biggest profits, even as management flaunts teensy euro cars and electric vehicles at this week's Detroit auto show.

GM says it has new ideas on how to build its large trucks while still meeting Washington's tough new fuel-economy standards, but don't let the spin kid you: Its main way of meeting those rules will be simply to push small and electric cars into the market at a loss in order to create the "fleet average" freedom to sell larger vehicles.

This is exactly the Faustian compromise that kept the industry together for 25 years, albeit with one big difference today: Now GM will be counting on di-

The domestic auto makers' fuel-economy games start anew—this time with taxpayer help.

rect taxpayer subsidies added to the mix.

We hasten to add that one old and hidden subsidy will continue to prevail, as it has for four decades, namely Washington's 25% tariff on imported "light trucks," imposed by LBJ in response to a long-forgotten chicken dispute with Western Europe. Detroit and Washington worked together to exploit the chicken tax to create a protected niche for the Big Three to make large passenger cars, call them "light trucks," and thereby shield them from foreign competition as well as the stricter fuel economy rules that apply to cars that are called "cars."

But the chicken loophole is no longer sufficient, so taxpayers will have to pitch in too. They will do so with a $7,500 tax credit for buyers of electric cars like the forthcoming Chevy Volt, plus some $25 billion in direct loans to carmakers to retool plants dedicated to "green" cars.

If this is beginning to sound like the ethanol boondoggle writ large, the parallels (and perils) are impressive. If all the industry's plans to roll out new small and electric cars are fulfilled (and Washington has poured billions into making sure they are fulfilled), a serious glut is coming. Shoppers may or may not be willing to buy these cars at some price, but few (and certainly not the electric ones) will sell at prices capable of covering the cost of building them.

Let's spend a sec on the ultimate parody: Nissan.

A few years ago, Nissan, like Toyota, decided the U.S. market for passenger "trucks" was too juicy to ignore. It invested $1.4 billion in a vast Mississippi plant to end-run the chicken tax and crank out large vehicles, especially its Titan pickup, meant to go up against the bread and butter of the Big Three.

But the Titan has not proved a success, despite an ear-catching ad campaign featuring Black Sabbath. So under CEO Carlos Ghosn, Nissan has radically switched directions and thrown itself on the mercy of the Obama administration. Nissan sought and received a $1.6 billion U.S. Energy Department loan to convert its Smyrna, Tenn., plant to churn out an all-new electric car, the Leaf, which it plans to introduce late this year at a price comparable to a small gasoline-powered sedan (i.e., far below cost).

Mr. Ghosn, once dismissive of hybrids that couldn't legitimately earn their way with consumers, has become a feverish believer in electric cars to solve all the world's problems—as long as governments are willing to assure their profitability. "We have to make money. If we don't, the technology is doomed," he recently said. "And that's one of the reasons we are negotiating with the U.S. government—to make sure we have a reasonable return on our investments and continue to develop the technology."

President Obama is from the government and he's here to help us, is a reasonable summary of Nissan's strategy for the U.S. market.

How this plan to turn a Franco-Japanese auto company into a ward of the U.S. taxpayer plays out will be interesting to watch. When Mr. Obama arrived in Washington, America's auto-cum-energy policies were already a Rube Goldberg creation of rare perversity and, let us admit, idiocy. But he can fairly claim: Taxpayers, you ain't seen nothing yet.

Mr. Jenkins writes the Journal's Business World column.

Notable & Quotable

From "A China More Just," the memoir of lawyer Gao Zhisheng:

"Our country operates without any regulations, or, put another way, regulations are routinely disregarded and abused. People's rights and interests are incessantly violated. Government officials are greedy and shameless, the law enforcement personnel break the law, and independent judiciary is nonexistent, and society as a whole is dishonest and immoral. . . Rule of law is a goal, but this goal requires a concrete system and procedures in place if it is to e realized. It also requisites a genuine interst in pursuing it. In form, our society seems adequately civilized. In substance, however, the regime that rules it has never shed its thuggish ways. It says that the Party is all-powerful and that the administrative authority is far above the law, while in the same breath saying--no, shouting--that "this is a country ruled by law." To put it nicely, this is empty talk."

IN DEPTH: EARTHQUAKE IN HAITI

Agence France-Presse/Getty Images

Looters rush to get some goods outside a grocery store in Port-au-Prince.

Nations scramble to help Haiti as rescue time ebbs

While U.S. commitment climbs above $100 million, chaos in capital hinders international efforts to bring relief

By Mike Esterl
And Charles Forelle

PORT-AU-PRINCE—The international community on Sunday pledged to help Haiti get back on its feet following last week's killer earthquake, but a slow and chaotic relief effort meant that growing numbers of Haitians who had survived the disaster were joining the long list of the dead.

The Obama administration will commit significantly more to Haiti than the $100 million already designated for earthquake-relief, said the White House's point man on the crisis, Rajiv Shah, head of the U.S. Agency for International Development.

"We'll do whatever it takes to mount an effective response," Mr. Shah said on CNN's "State of the Union" on Sunday. "Our goal is to do more every single day, and exponentially more."

The European Union, meanwhile, was expected to announce its own contributions on Monday to help rebuild Haiti, which was already the poorest nation in the hemisphere before Tuesday's devastating 7.0 temblor.

That help couldn't come fast enough for tens of thousands of Haitians. Hospitals were overwhelmed with the sick and injured and some had run out of basic medicines like antibiotics. Some patients with infections were dying due to a lack of medicines and other supplies. Doctors were carrying out mass amputations in an effort to save lives.

At the Adventist Hospital in Carrefour, one of the hardest-hit suburbs of the capital, many wounded survivors set up dozens of makeshift tents from plastic sheets and waited to get treated. Next to the crowded entrance, an elderly woman repeatedly screamed "Water! Water!" as she lay in the back of a pick-up truck with a bloated arm and festering gash several inches wide.

"That's all we're doing, is amputations," said Sidney Coupet, a 29-year-old American internal medicine resident in Danville, Pa., who flew down to help after the earthquake. The hospital lacked such basic supplies as antibiotics, he added.

Aid was slowly trickling out to the devastated capital, Port-au-Prince. Near the city's harbor, someone had placed a sign that said "SOS" with an arrow pointing down a rubble-filled road. Around the next corner, a government water truck had stopped on the road and people were filling empty water jugs.

In other parts of the capital, crowds jostled for access to food and water when aid workers showed up.

While Port-au-Prince has been remarkably calm despite the growing need for food and water, the first major episodes of looting flared across the capital over the weekend. In one instance, hundreds of residents appeared to be fighting over shampoo. Police arrived and shot one of the looters, eyewitnesses said.

Rescue teams were still finding people alive under the rubble, providing the only moments of relief and happiness. As some of the country's cellphone networks flickered back to life, radio stations and others began receiving calls and text messages from trapped survivors.

The U.N. said it is feeding 40,000 people, and expects that figure to rise to two million within a month, according to the Associated Press. U.N. President Ban Ki-Moon described the tragedy as one of the "most serious humanitarian crises in decades." He also said this was the gravest and greatest single loss of life for the U.N. in its history.

U.N. officials on Saturday confirmed that the international body lost its top three officials in Haiti during the quake: mission chief Hedi Annabi, his top deputy Luiz Carlos da Costa, and the acting police commissioner, Doug Coates.

The U.S. was planning to ramp up its troop presence in the Caribbean country as concerns mount about looting and a broader breakdown in law and order.

The U.S. currently has 1,000 troops deployed in Haiti with another 3,600 stationed offshore on the aircraft carrier USS Carl Vinson. Pentagon officials said Sunday that two more companies from the 82nd Airborne are scheduled to land soon in Haiti along with significantly more air, sea and land equipment and personnel.

Military planners indicated the U.S. could end up deploying more troops to address the security situation.

"We're going to be here as long as needed," said Lt. Gen. Ken Keen, deputy commander of the U.S.'s Southern Command, on CNN. "Security is an essential component."

Estimates of the death toll vary widely. The Red Cross has estimated at least 45,000 died, while Haitian government officials have said the final tally could easily top 100,000.

Among the many victims of Haiti's earthquake was the country's own government, with its Belle Époque downtown palaces reduced to rubble and many of its officials either dead or homeless.

What is left of the government is now trying to coordinate a chaotic relief effort from the mango-tree shaded courtyard of a police station.

Prime Minister Jean-Max Bellerive, in an interview Saturday, said his government had picked up 20,000 bodies from the city's streets. All were destined for mass graves. He expected many more.

"I can't tell you how many dead there are. I can only tell you what we have collected," said Mr. Bellerive, a husky man wearing a baseball cap. "The Haitian government has picked up 20,000 people. That doesn't count people picked up by international organiza-

Please turn to next page

IN DEPTH: EARTHQUAKE IN HAITI

No burials as concern turns to 'the living'

By Dionne Searcey

TITANYEN, Haiti—Down a rocky dirt road in a valley tucked inside green, soft-rolling hills, Haiti is disposing of its dead.

Swollen and putrid, bodies are stacked in piles amid doors, chairs, bed frames, rebar and trash. The cadaver of a woman hangs upside down on a pile of concrete rubble, likely the same load that killed her. Another woman's body lies bloated, directly in the path of the white garbage trucks that are filing in to dump their loads of bodies and detritus from the quake.

Within days after Tuesday's 7.0 magnitude earthquake, Haiti's government began picking up dead bodies scattered in the streets of the capital Port-au-Prince, which is about a 40-minute drive from Titanyen. On Saturday, Prime Minister Jean-Max Bellerive said the government had already disposed of 20,000 bodies in mass graves.

The government is making little attempt to chronicle the victims. After dropping off his load, a driver of one of the dump trucks said there was no attempt to identify the bodies. "We just collect them like this," he said, pointing to the back of his truck.

The disposal of the bodies will complicate matters for Haitians seeking news about loved ones. And it may make an exact final tally of the dead more difficult. But government officials say the bodies could spread disease. "Our first concern has to be the living and not the dead," said Gabriel Verret, an economic adviser to the president. "We don't have a hangar with refrigeration with capacity to hold the bodies."

Many Haitians backed the government decision. One reason: the stench of decomposing corpses fills many streets in the capital. "The number of bodies is so high, it's beyond the government's capacity to deal with identifying cases individually," said Miguel Lebun, 49 years old. "It's air pollution," he said. "There is no better choice but to do this."

Mr. Lebun's destroyed home is across the street from a cemetery where officials are dumping bodies. Machinery had helped dig a pit directly in front of powder-blue and turquoise tombstones put in place long ago. Though Titanyen is one of the largest mass grave sites, there are many smaller ones across the city dug into hillsides and inside such cemeteries.

A small yellow bulldozer is all that marks the entrance to the Titanyen mass grave just over the hill from a blue inlet along the coast. Some cadavers didn't make it all the way there. The winding road from Port-au-Prince was dotted with mini open graves, some next to burning piles of trash. At one site, members of the Centre National d'Equipement, Haiti's version of a public-works department, blocked a car of reporters from entering.

Late Saturday afternoon, a small band of missionaries stopped by the Titanyen site to pay their final respects to the people they had spent the past four days digging out in the Delmas district of Port-au-Prince.

Steve Yoder, who is an administrator at the Mennonite mission called Christian Aid Ministries in Titanyen, choked back tears as he viewed the heaps of bodies. "This is heartbreaking," he said. "IBut in this situation that's the best that can be done." *—José de Córdoba in Port-au-Prince contributed to this article.*

Dominic Nahr for The Wall Street Journal

Most of the quake victims got buried in mass grave sites such as this one outside Port-au-Prince.

For once, the poor don't feel brunt of the disaster

By Dionne Searcey
And Kevin Noblet

CITE SOLEIL, Haiti—For once, it paid off to be the poorest among Haiti's poor.

While countless bigger, multi-story homes, churches and offices on the hillsides of Port-au-Prince fell in the earthquake, crushing tens of thousands of people beneath their concrete, the flimsy tin-roofed shanties of the slums fared much better.

In Cité Soleil, the biggest, poorest seafront slum, there was significant destruction to two large churches, but not to people's homes. Most shacks stood upright. There was no smell of rotting corpses.

Here, life went on Saturday with some semblance of normality. Mule carts carried charcoal and ice—a precious commodity now—and stands selling candies, crackers and electronics plied their wares at the edges of streets.

"It was a blessing," said Frederic Jean Junior, a 23-year-old DJ for Radio Boukman, a station that operates out of Cité Soleil. He spoke among a crowd of young men who echoed his sentiment, some of them shouting "Amen."

Not that slum residents haven't felt the city's paralysis. Electricity remains cut off and, unlike Haitians of means, the poorest can't turn on gasoline generators to get a couple of hours of power.

A shanty here and there did collapse and, according to one local political organizer, Reginald Jean François, bodies of victims had been buried in the open lots on the slum's fringes. But a large concrete cistern was intact.

"It doesn't seem like we have a lot of chaos like downtown," he said as aid helicopters passed overhead. "We're supposed to be the worst people but we're helping each other out."

Just beyond Cité Soleil, the wounded were being treated at impromptu clinics. In the parking lot of an abandoned Texaco station on Cité Soleil's edge, a self-trained healer named Pastor Sol of the Church of God and Charity treated Yoldi Dabadie, a 17-year-old pregnant woman with a hurt back. A cinderblock wall had fallen on her, she said.

Ms. Dabadie was shirtless and Mr. Sol, 37 years old, rubbed castor oil redolent of Bengay and bits of papaya leaves over her belly and back as she hobbled back and forth. She is in her final months of pregnancy and said her baby in utero seemed to have survived the blow, which hit her on the back.

"I'm treating a lot of people with both ointments and prayers," Mr. Sol said. "And I hunt down the bad spirits."

As in much of Latin America and the Caribbean, Haiti has a persistent divide between the haves and have-nots. The political unrest, endemic corruption, economic stagnation and natural disasters that have plagued this impoverished country have almost always hit the poor hardest.

And, while this time was different, the wealthy here still have privilege that the poor don't. Just a couple of minutes' drive from Cité Soleil, a crew with a large yellow crane and massive digger truck was tearing into the rubble at what had been a large office for Gillsa, a hardware and construction company.

The machines were searching for the cadaver of one of the employees of the well-to-do family-owned business. They had discovered the man's body only Thursday night and were expending enormous effort to retrieve it, especially in a city where such machinery is coveted by the masses to help search for those who are alive under the rubble. "For us, it was the only person in there," said an onlooker who worked at the company and said he was a cousin of the dead man. He gave only his first name, Gaetan.

Nations scramble to help, but chaos hinders relief efforts

Continued from previous page

tions. That doesn't count people buried by their families, or taken somewhere else. And that certainly doesn't count people still entombed under buildings."

Haiti's government has never worked that well at the best of times. But it faces a daunting operating environment now that would test even the best of governments. The capital city lies almost in ruins, there is little electricity, and hundreds of thousands of people need urgent help.

There is also the heavy emotional toll. Among the dead were at least two Haitian senators and close family members of cabinet ministers. Haitian officials said the finance minister lost a son, and the tourism minister lost both parents.

On Saturday, ministers and other government officials milled about the station's courtyard. The Dominican Republic's minister of energy conferred for a few minutes with Mr. Bellerive about sending generators.

"We are ready to help you help us," Mr. Bellerive responded. The communications minister sat with her mother-in-law at a plastic picnic table, fielding phone calls and walkie-talkie transmissions.

A few minutes later, President Réné Préval came in a jeep and gave an impromptu news conference. Asked about the death toll, Mr. Préval said, "There are schools collapsed—200 or 300 [dead] here. Factories collapsed—1,000 [dead] there. I couldn't even hazard a guess at the figure."

Aid was coming in, he said, but the effort is "spontaneous." He added, "Everyone brings what they can. It must be coordinated."

Later in the day, Mr. Préval met with U.S. Secretary of State Hillary Clinton and discussed coordinating aid. Ms. Clinton arrived to Haiti on Saturday on a Coast Guard C-130 transport plane carrying bottled water, packaged food, soap and other supplies. She took a brief helicopter tour of the damaged city.

Coordinating aid is no small task. The prime minister, Mr. Bellerive, said the government believes 300,000 families are living on the streets of the capital. The top priority is relocating people to places where they can better get them food and water, he said.
—Dionne Searcey and Jose de Cordoba contributed to this article.

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FROM PAGE ONE

Trader wears wire in insider investigation

Continued from first page

Mr. Slaine has agreed to plead guilty to conspiracy and securities fraud-charges. His cooperation was the starting point of the investigation of the second ring, which resulted in the complaint against Mr. Drimal and 13 others. Mr. Slaine is believed to be the first witness to agree to cooperate with prosecutors in either case.

Mr. Slaine's involvement began in 2007, when the FBI confronted him with what the authorities said was evidence that he had traded on inside information. Mr. Slaine agreed to cooperate in a bid to win a more favorable resolution of the matter. Mr. Slaine told prosecutors that he believed that his friend, Mr. Drimal, was part of an insider-trading conspiracy involving a wide ring of other hedge-fund managers and lawyers.

Mr. Slaine's behind-the-scenes role is especially significant because of his extensive contacts on Wall Street. He is a former Nasdaq trading chief at Morgan Stanley, who also traded at **Jefferies Group**, Galleon and **Oracle Partners**, a healthcare hedge fund. In addition, he ran a fund with two former employees of **SAC Capital Advisors**, a big hedge fund.

Mr. Slaine grew up in Malden, Mass., where he played high-school basketball and football, then attended Clark University in Worcester. After a couple of brief jobs on Wall Street, he joined **Morgan Stanley** in 1986, trading small stocks. By the late-1990s, Mr. Slaine had become head of Nasdaq trading, putting him at the epicenter of the initial-public-offering boom in tech stocks. Former colleagues say he had a deep network of contacts.

Craig Drimal leaves Manhattan Federal Court in November. Trader David Slaine helped prosecutors build an insider-trading case against Mr. Drimal.

ON THE INSIDE

THE MOLE

The new age of insider information on Wall Street.

While at Morgan Stanley, he met Mr. Drimal, then a nightclub bouncer at the Vertical Club in Manhattan. The two quickly formed a friendship based on a shared passion for weight lifting and their mutual ability to bench-press 400 pounds (181 kilograms).

As his power grew at Morgan Stanley, Mr. Slaine at times lashed out at colleagues. He once smashed a computer keyboard in a fit of rage, says a person familiar with the incident. In 1993, he triggered a fistfight with a colleague on the trading floor after needling him because he wouldn't share his french fries. Others broke up the fight.

In 1998, Mr. Slaine ran afoul of regulators, when the National Association of Securities Dealers (now known as Finra) accused him and five other Morgan Stanley traders of artificially inflating the prices of Nasdaq securities to minimize losses for the firm. The NASD in 2000 sanctioned Mr. Slaine, suspending him from the securities business for three months and fining him $100,000.

Mr. Slaine left Morgan Stanley and landed a job trading health-care stocks at Galleon with another friend, Gary Rosenbach, who then was the No. 2 executive under Mr. Rajaratnam. Messrs. Slaine and Rosenbach exercised together frequently. Mr. Slaine was best man at Mr. Rosenbach's wedding.

Shortly after arriving at Galleon, Mr. Slaine persuaded Galleon officials to give a position to Mr. Drimal, who then was working as a bouncer at the Roxy nightclub in Manhattan. Mr. Drimal was brought into Galleon as an assistant. Mr. Drimal—nicknamed "the Mayor" at the gym because of his affable demeanor—was eager to help out around the Galleon offices.

Mr. Slaine's performance trading stocks for Galleon's health-care fund faltered, creating tension, a person familiar with the matter says. One morning early in 2001, before trading began, Messrs. Rosenbach and Slaine were in a steam room together after exercising at an Equinox Fitness Club. Mr. Rosenbach was pressuring Mr. Slaine to improve his performance. As Mr. Rosenbach lay on his back on a bench, Mr. Slaine punched him, giving him a black eye and ending their friendship.

Later that year, Mr. Slaine left Galleon to form his own hedge fund, CJS Capital, with two partners, Robert Jaffe and Robert Cannon, both former SAC traders. By 2002, CJS's performance had stumbled and Mr. Slaine went to work for health-care hedge fund, Oracle Partners.

The insider-trading troubles began for Mr. Slaine in February 2007 after the government charged 13 traders and employees at UBS AG, Morgan Stanley and other firms in a separate case. A hedge-fund trader in that case got inside information that originated with a UBS trader, according to government documents. That trader subsequently pleaded guilty and told prosecutors that Mr. Slaine also had been given tips based on inside information in 2002. Morgan Stanley declined to comment.

In July 2007, the FBI showed up at Mr. Slaine's door on W. 57th Street in Manhattan and confronted him. Mr. Slaine agreed to help the government.

At the time, federal prosecutors in Manhattan were trying to make headway on another investigation that eventually led to the charges involving Galleon. They asked Mr. Slaine who he knew that might be participating in insider trading. Mr. Slaine's answer: his friend Mr. Drimal, according to people familiar with the matter.

In September 2007, Mr. Slaine—identified in the complaint as CS-1—tried out his body wire for the first time, meeting Mr. Drimal in New York. During the meeting, Mr. Drimal gave Mr. Slaine a piece of paper with four stock symbols, according to the complaint. He told Mr. Slaine the four companies were all acquisition targets.

At the meeting's end, Mr. Drimal told Mr. Slaine to destroy the list. He warned him to "be careful" in trading the securities because no news of the takeovers had surfaced publicly. Mr. Drimal said he was nervous about having "too much success" and said his source was golden, according to the complaint.

After the meeting, Mr. Slaine went to a nearby hotel where an FBI agent was waiting, says a person familiar with the matter. The pair went to a room where Mr. Slaine removed the wire. For the next hour, he answered questions about the meeting.

The following day, Mr. Slaine called Mr. Drimal from his home, with FBI agent David Makol guiding him on what to say. Mr. Slaine began to question Mr. Drimal about the four stocks. Mr. Drimal said he didn't want to talk about it on the telephone because if the government were listening in, it would be "like shooting fish in a barrel," the complaint says.

On Sept. 17, Mr. Slaine, again wearing a wire, met Mr. Drimal again. Mr. Drimal told Mr. Slaine that a source had told him that a group of private-equity firms was going to make a bid for 3Com Corp.

Mr. Drimal, admitting he was nervous, said his source—trader Zvi Goffer—had gotten the information from lawyers involved in the deal, the complaint says. After the meeting, Mr. Slaine met the FBI agent, Mr. Makol, in a hotel room, handing him his wire and strategizing about a meeting between the two traders the next day.

The next day, Mr. Slaine repeated the drill, again outfitting himself with his wire and connecting with Mr. Drimal. This time, Mr. Drimal told Mr. Slaine that Mr. Goffer was paying cash to the lawyer who was providing the information. He said he didn't know the lawyer's name and admitted the lawyer was risking going to "jail," the complaint says.

Mr. Goffer, a 32-year-old trader who also once worked at Galleon, was referred to by some people in the alleged ring as Octopussy because he "had arms in so many sources of inside information," the government says. "Octopussy" is the title of a 1983 James Bond film.

On Sept. 20, Mr. Drimal told Mr. Slaine that 3Com would be bought by Bain Capital and a Chinese private-equity firm. On Sept. 26, the two met again and Mr. Drimal told him that Hilton Hotels Corp. would be acquired. Like Mr. Drimal's other tips, it proved to be good.

Three months later, Messrs. Drimal and Goffer tried to recruit Mr. Slaine to work at a firm that would eventually be called Incremental Capital. Mr. Slaine wore a wire to the meeting. Mr. Goffer told him his source had given him advance information about four deals that had gone through: Alliance Data Systems, Avaya Inc., 3Com and Axcan Pharma Inc., according to the complaint.

Mr. Goffer told Mr. Slaine he had received the information from a "childhood friend in the construction industry."

During 2008, Mr. Slaine spoke with Messrs. Drimal and Goffer repeatedly about investing as much as $2 million in Incremental Capital. On Aug. 9, Mr. Slaine met again with the pair about investing. Mr. Slaine told Mr. Goffer he was "turned off" by what he viewed as Mr. Goffer's dubious claim that he was getting information from someone in the construction business.

"I wasn't born yesterday," Mr. Slaine said, adding that if he was going to invest $2 million in Incremental he wanted to know the source of the information. Mr. Goffer wouldn't divulge his source. He told Mr. Slaine that if the government ever asked Mr. Slaine where he got the information, it would be better if Mr. Slaine could say he didn't know, the complaint says.

On Nov. 5, the FBI showed up at the Connecticut home where Mr. Drimal lives with his family and two Rottweilers. Within a few hours he was escorted to Manhattan to be arraigned on charges of insider trading. He pleaded not guilty, and is thinking about striking a plea deal, according to people involved in the case. Mr. Goffer was arrested the same day and also pleaded not guilty to insider-trading charges.

Mr. Drimal hasn't spoken to Mr. Slaine since his arrest.

—Amir Efrati contributed to this article.

Mazda and Ford are in talks to end joint venture in China
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BUSINESS & FINANCE.

Monday, January 18, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Hershey drafting Cadbury bid

U.S. chocolate maker sets stage for bidding war with offer of at least $17.9 billion, topping Kraft Foods

Hershey Co. plans to bid at least $17.9 billion this week for **Cadbury** PLC after concluding it has the financial muscle to top **Kraft Foods** Inc.'s $17.2 billion offer, said people familiar with the matter.

*By **Jeffrey McCracken**, **Dana Cimilluca** And **Ilan Brat***

On Friday, Hershey was putting the finishing touches on a financing package that could kick off the kind of international bidding war that has largely disappeared since the Wall Street financial crisis of late 2008.

The financing package now includes a loan of at least $10 billion from banks including **J.P. Morgan Chase** & Co. and **Bank of America Merrill Lynch**. It is also expected to include $5 billion in new Hershey shares and at least $3 billion from private investors and the Hershey trust, said these people.

As currently planned, Hershey's bid would equal at least 800 pence ($12.99) to 820 pence a Cadbury share, compared to a 770 pence price now offered by Kraft. Cadbury shares currently trade at about 794 pence.

Hershey Chief Executive David West, who had been arguing against the bid for months, has now "accepted such a bid will happen," said one of these people. Mr. West has also been promised the chief-executive slot of a combined company by Hershey board members, said a person familiar with the deliberations

An offer is now "75% to 80% likely," said another person familiar with the matter.

The company and the Milton Hershey School & School Trust declined to comment. A spokesman for Kraft said, "We continue to believe that our offer presents the best immediate value and attractive upside potential for Cadbury shareholders."

Hershey's bid has gained momentum in recent days, said these people, as banker Byron Trott is firming up $2 billion in commitments from wealthy investors.

A special three-person transaction committee of Hershey board members—which includes former Pennsylvania governor Tom Ridge—approved a bid of at least 800 pence on Tuesday, said people familiar with the matter.

Boards of the two companies have held a flurry of talks in recent days. Cadbury board members have said they would not recommend a price of less than 850 pence to their shareholders, said a person familiar

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Bloomberg News

Hershey's brand chocolate bars sit on display in a store in New York last week.

'Through train' crash fails to kill dream of China cash

[The View From Hong Kong]

BY PETER STEIN

Here on the doorstep of mainland China, the dream of profiting from the cash-rich Chinese investor lives on.

This despite the quiet demise of the dream's most overhyped form, the "through train." Its derailment offers a cautionary tale about China policy risk at a time when new efforts are under way to channel Chinese liquidity into Hong Kong stocks.

Under a proposal cooked up by China's foreign-exchange regulator and announced in August 2007, Chinese individuals would have been allowed to buy Hong Kong-listed shares directly, bypassing the normal barriers that limit them to trading on the mainland. Never implemented, the program officially expired sometime last month, according to a statement on the regulator's Web site .

More than any other in the world, the Hong Kong stock exchange—the only market through which most overseas investors can buy shares in China's biggest companies—benefits from the burgeoning desire for exposure to China's growth. A flood of foreign funds last year pushed the Hang Seng Index 52% higher.

But Hong Kong also wants to be the go-to exchange for Chinese investors looking to diversify out of mainland markets.

Three years ago, excitement bubbled through Hong Kong that a vast wave of Chinese money was on its way. In 2006, Beijing paved the way by allowing individuals to invest overseas through the qualified domestic institutional investor program.

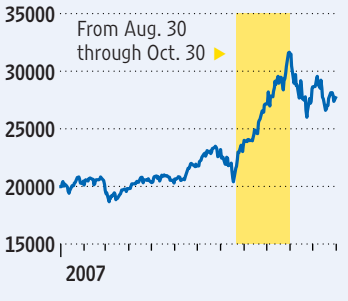
Hong Kong was the natural first destination for the billions quickly raised by Chinese banks

Please turn to page 24

Riding the 'through train'

Between Aug. 20 and Oct. 30, 2007, the Hang Seng Index rose 47%, inflated by wild expectations of Chinese investment inflows.

Daily index closes in 2007



Source: Thomson Reuters Datastream

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Achieving more together

Mazda, Ford rethink China

Auto makers in talks on shuttering joint venture, restructuring factories with local partner

By Norihiko Shirouzu

BEIJING—Japan's **Mazda Motor** Corp. is talking to **Ford Motor** Co. about possibly dissolving their joint venture in China and establishing a new structure for cooperating with their common Chinese partner.

Ford and Mazda now jointly work with **Chongqing Changan Automotive** Co. in China. The three companies share two major manufacturing bases, in the southwestern city of Chongqing and the eastern city of Nanjing.

A person close to the Japanese auto maker said Mazda and Ford are discussing possible ways to split those China operations into two separate entities, with the Chongqing operations owned and operated by Ford and Changan, and the Nanjing base by Mazda and Changan.

The person said the move is partly driven by Ford's decision in 2008 to raise money by reducing its stake in Mazda to 13% from one third. Mazda now feels less need to coordinate strategy in China with Ford and is seeking "more operational freedom" to boost its presence in the country, which last year surpassed the U.S. as the world's largest auto market, the person said.

The companies haven't yet made a final decision, however, and any such plan would require the Chinese government's official blessing before it could go ahead. "It remains only a possibility that we're trying to realize until Beijing approves it," the knowledgeable person said.

Moreover Mazda and Ford will continue to cooperate around the world as "strategic partners" even if they do change their China arrangement, the person said. The two companies, for instance, remain committed to producing cars jointly at a plant near Detroit.

Agence France-Presse/Getty Images

Cars sit outside the Changan Ford Mazda plant in Chongqing. Ford and Mazda may dissolve their China joint venture.

Japan's Nihon Keizai Shimbun business daily reported in its Sunday edition that Mazda and Ford will dissolve their joint venture in China by 2012.

Ken Haruki, a Mazda spokesman in Japan, declined to comment on the report, saying that "nothing has been decided." Spokesmen for Ford didn't immediately respond to requests for comment. A Changan spokesman couldn't be reached Sunday night.

Mr. Haruki confirmed that Mazda plans to move production of its Mazda 3 compact car, currently made at the Ford joint venture's plant in Chongqing, to its base in Nanjing by the middle of this year.

The knowledgeable person said that shifting the production base for the Mazda 3 is a precursor to the potential move change in the Mazda-Ford joint venture with Changan.

The joint venture's manufacturing operations in Nanjing already are controlled mainly by Mazda. The plant produces Mazda 2 and Ford Fiesta cars. The Mazda spokesman said the company will likely start producing the Mazda 3 car by May.

After that move, the joint venture's Chongqing operations would produce the Ford Focus, Ford Mondeo and Ford S-MAX.

The current three-way joint venture has an engine plant in Nanjing, with an annual production capacity of 350,000 engines. It wasn't clear who would own and operate the plant under any new arrangement.

—Yoshio Takahashi in Tokyo contributed to this article.

Renault agrees to Sarkozy's demands

By Sebastian Moffett

PARIS—The top executives of **Renault** SA Saturday agreed to demands by French President Nicolas Sarkozy that the automobile company continue production of a popular subcompact car in France.

Renault has been criticized from French ministers after reports that it planned to produce its Clio model exclusively in Turkey when the new version comes out around 2013.

On Saturday, Renault Chief Executive Carlos Ghosn and Chief Operating Officer Patrick Pelata were summoned to Mr. Sarkozy's office. During the meeting, they told Mr. Sarkozy that Renault would produce the "Clio 4" at Flins, a plant west of Paris, where the current version of the Clio 3 is made, according to a statement from Mr. Sarkozy's office.

Renault officials also said the company would maintain employment levels at Flins, partly through production of electric vehicles, the statement said.

"I confirmed to the French President that we will produce the Clio 4 in Flins, with a double sourcing in Bursa, Turkey," said Mr. Ghosn.

The pressure put on Renault by Mr. Sarkozy underscores the tight grip France's government keeps on key industries, especially amid fears that the domestic economy might suffer as manufacturing shifts to lower-cost locations.

The French state owns 15% of Renault and also lent the company €3 billion ($4.31 billion) last year to tide it over the financial crisis and economic downturn.

Suzuki expects to reorganize its GM tie-ups

By Yoshio Takahashi

HAMAMATSU, Japan—**Suzuki Motor** Corp. will likely have to reorganize its partnerships with **General Motors** Co. because of a new alliance with **Volkswagen** AG, the car maker's head said Friday.

"We need to rearrange our traffic," said Osamu Suzuki, the company's chief executive, referring to tie-ups with U.S. and European car makers that were forged before Suzuki announced its partnership with the German auto giant last month.

Suzuki will work jointly on environmental-technology projects, "learning from our partner," Mr. Suzuki told reporters.

The Japanese small-car maker has a technology-development deal with GM and produces vehicles for **Adam Opel** GmbH, while it procures some of its diesel engines from **Renault** SA and **Peugeot** SA. As part of the review, Suzuki will end joint development of a hybrid system with GM by the end of February and will likely terminate a fuel-cell project with GM, Mr. Suzuki said.

Volkswagen could ask the Japanese company to use its diesel engines instead of those made by the two European companies, Mr. Suzuki said, although details of such a tie-up haven't been decided.

Renault produces 1.9-liter diesel engines for Suzuki, while Peugeot makes 1.6-liter engines. Mr. Suzuki said his company will keep making 1.3-liter diesel engines in India based on **Fiat** SpA technology.

The CEO said the car maker wants to continue to produce its Splash compact cars for GM's Opel as long as the partner demands.

A spokesman for Volkswagen's Japan unit declined to comment on whether the German company will ask Suzuki to use its diesel engines. GM's Japanese unit couldn't be reached.

Suzuki is Japan's second-biggest seller of fuel-efficient minicars, but it has fallen behind in the race for advanced low-emission technologies using electric devices and upgraded diesel engines.

Through the partnership with Volkswagen, Suzuki hopes to enhance development of gas-sipping cars using Volkswagen technologies, while the German partner exploits Suzuki's technology to produce compact cars at lower cost.

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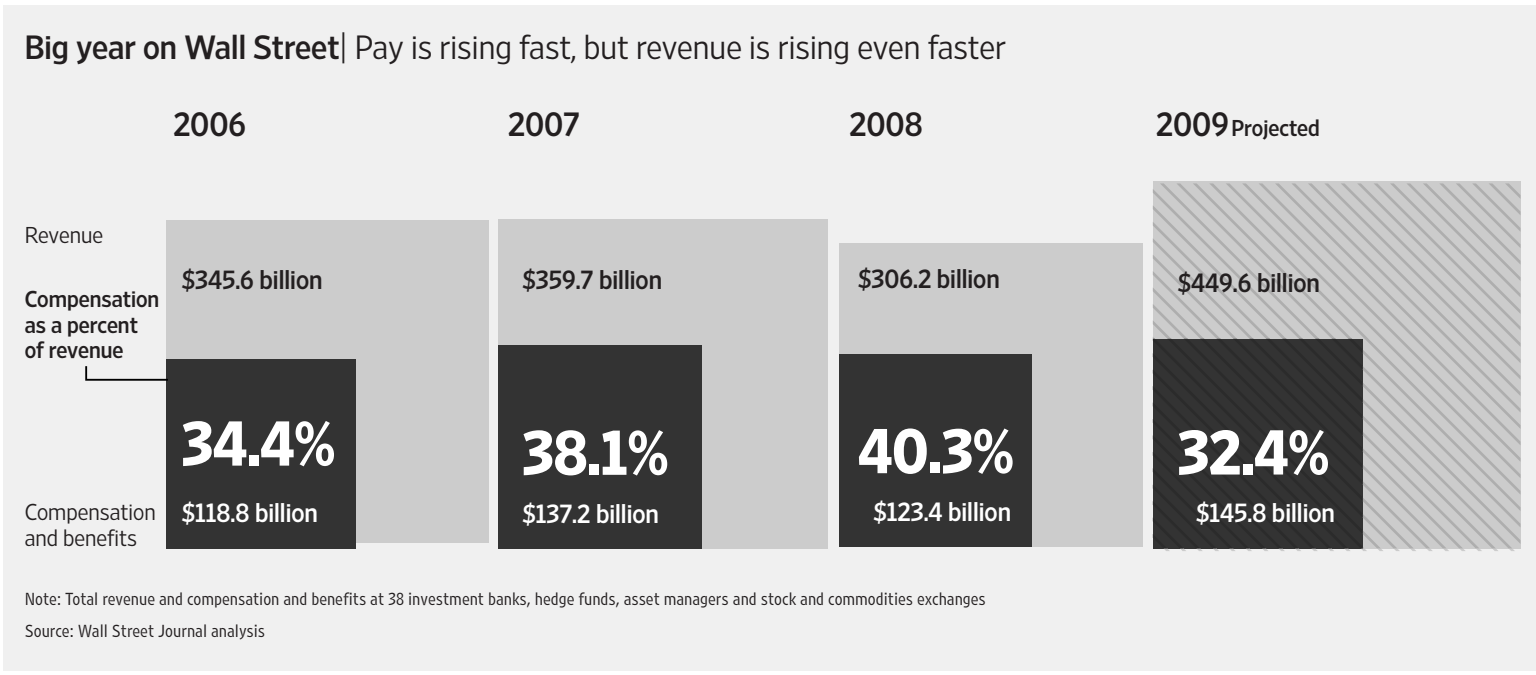


Banks are set for record pay

Top firms on pace to award $145 billion for 2009, up 18% from last year, WSJ study finds

By Stephen Grocer

Major U.S. banks and securities firms are on pace to pay their people about $145 billion for 2009, a record sum that indicates how compensation is climbing despite fury over Wall Street's pay culture.

An analysis by The Wall Street Journal shows that executives, traders, investment bankers, money managers and others at 38 top financial companies can expect to earn nearly 18% more than they did in 2008—and slightly more than in the record year of 2007. The conclusions are based on an examination of securities filings for the first nine months of 2009 and revenue estimates through year-end.

The rapid comeback of pay on Wall Street has exposed the industry to a broadening mix of proposed crackdowns, including a 10-year, $90 billion bank tax described for the first time Thursday by President Barack Obama

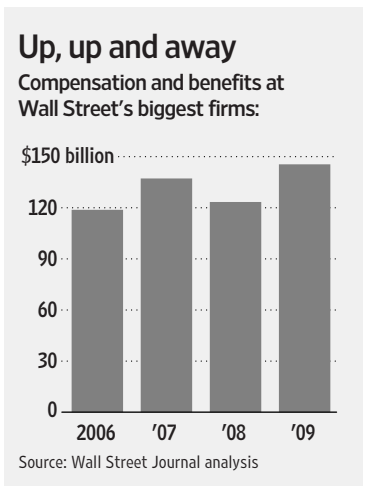
In detailing the tax, Mr. Obama aimed some sharp words at bankers. "I'd urge you to cover the costs of the [financial] rescue not by sticking it to your shareholders or your customers or fellow citizens with the bill, but by rolling back bonuses for top earners."

The tax move comes as other parts of the White House's financial-overhaul plan are stumbling, including a proposal for an independent consumer-protection regulator. Senate Banking Committee Chairman Christopher Dodd (D., Conn.) is considering scrapping the idea, people familiar with the matter said Thursday.

If approved by Congress, the new tax—called a "financial crisis responsibility fee" by the White House—would affect about 50 banks, insurance companies and large broker-dealers.

The fee would fall most heavily on the nation's top six banking companies: **Citigroup** Inc., **J.P. Morgan Chase** & Co., **Bank of America** Corp., **Goldman Sachs Group** Inc., **Morgan Stanley** and **Wells Fargo** & Co. Each is likely to face an annual tax bill of $1 billion or more, with Citigroup and J.P. Morgan facing the largest liabilities of more than $2.4 billion apiece.

Some analysts estimated the tax could consume about 5% of this year's profits.



The surge in bonuses comes barely a year after the government bailed out the U.S. financial system amid the worst economic crisis in generations. This year major U.S. banks and securities firms are poised to pay their employees a record amount in compensation and benefits—about $145.85 billion, according to the Journal's analysis.

The growth reflects a rebound in the banking industry's revenue to pre-crisis levels.

The firms in the analysis are on pace to report $450 billion in revenue, a 25% increase from 2007. Overall, pay is on pace to be equivalent to about 32% of revenue, a decline from 40% in 2008.

"The companies have done well since the meltdown," said Mike Shah, a lawyer at Jones Day who advises companies on executive pay, employee benefits and corporate governance. "Some of it has to do with government assistance," he says. But the issue for corporate boards of directors, which make pay decisions, is this, Mr. Shah says: "You can't just say, 'There is a lot of populist anger out there, so we are not going to compensate our executives who have worked hard to recover some shareholder value.' "

Total compensation and benefits at the publicly traded firms analyzed by the Journal are on track to increase 18% from 2008's $123.4 billion, and 6% from 2007's $137.23 billion payout. This year, employees at the companies will earn an estimated $149,192 on average, up almost $3,000 from 2007 levels.

Some companies cautioned that the projections might be too high, which suggests they might trim their pay levels for the fourth quarter in response to public anger. Citigroup, Goldman and Morgan Stanley have also told workers that their bonuses will contain a bigger percentage of stock. The banks believe that paying staff with more of the firm's own stock (which tethers an employee's income to the firm's performance and also usually comes with restrictions on how soon the stock can be sold) will demonstrate sensitivity to anger over the rapid pay rebound.

The increase in both revenue and compensation is due partly to the industry's consolidation during the financial crisis. J.P. Morgan acquired Washington Mutual Inc. and Bear Stearns Cos. Bank of America bought Merrill Lynch & Co. and Countrywide Financial Corp. Those deals inflated revenue and compensation because the acquirers' financial results now include the purchased companies.

Wall Street's return to big profits also highlights success in the U.S. government's efforts to stabilize the financial industry. But with overall unemployment at 10% and much of the U.S. economy struggling, criticism of Wall Street pay has become relentless.

To calculate the 2009 pay projections, the Journal examined each company's publicly disclosed compensation and benefits. The figures include salary, health benefits, retirement plans and stock awards as well as the money many firms set aside for bonuses at the end of the year.

The Journal calculated each firm's compensation as a percentage of revenue. It then projected how much the company would pay at that rate over the full year, using analyst estimates for 2009 revenue provided by Thomson Reuters. The methodology was reviewed by compensation experts and explained to all the companies in the study.

The analysis includes banking giants J.P. Morgan, Bank of America and Citigroup, securities firms such as Goldman and Morgan Stanley, asset managers **BlackRock** Inc. and **Franklin Resources** Inc., online brokerage firms **Charles Schwab** Corp. and **Ameritrade Holding** Corp., and exchange operators **CME Group** Inc. and **NYSE Euronext** Inc.

A spokesman for Bank of America said the calculation, based on its disclosures of "personnel" costs, "distorts reality and is a disservice to our associates." Other firms contacted about the analysis either declined to comment or didn't dispute the methodology. A few companies said the projections might be too high because of recent moves to rein in bonuses in response to public scrutiny.

Many firms reiterated that they need competitive pay packages to keep from losing employees to non-U.S. companies, private-equity firms and hedge funds.

While Wall Street firms such as Goldman and Morgan Stanley have historically set aside about 50% of revenue for compensation, the rate is lower at commercial banks, which include large numbers of less highly paid employees, such as tellers and other staff in bank branches that the Wall Street firms don't necessarily have.

CBA expects jump in profit for recent half

By Lyndal McFarland

MELBOURNE—**Commonwealth Bank of Australia** expects first-half profit to be up about 44% from a year earlier, boosted by lower impairment charges and higher lending volumes.

In a statement Friday, Commonwealth Bank said its cash profit for the six months ended Dec. 31 is likely to be about 2.9 billion Australian dollars (US$2.7 billion), above the average forecast of analysts of about A$2.7 billion.

The group booked an interim cash profit—a closely watched measure which excludes volatile items—of A$2.01 billion a year earlier. The group will release pro forma numbers for the year earlier, including BankWest, before it officially releases its results on Feb. 10.

The profit update comes after major rivals recorded solid results for the year ended Sept. 30, and underscores the strength of Australia's banks and the local economy, which has avoided the worst of the global economic downturn.

Commonwealth Bank's shares jumped after the late afternoon announcement, which is likely to see analysts raise forecasts across the sector. Commonwealth Bank closed up 2.3% at A$58.10, having traded lower for most of the session.

The group said it has seen growth in income across its banking business and in volume.

It also attributed the stronger result to cost management and a decline in impairment expenses compared with the first half a year ago.

Most of Commonwealth Bank's major rivals—which include Australia & New Zealand Banking Group Ltd., Westpac Banking Corp. and National Australia Bank Ltd.—have said they think the bad-debt cycle has peaked.

Garuda Indonesia

AUCTION ANNOUNCEMENT

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The sale document can be obtained at price of US$ 1,000 (one thousand United Stated Dollar) at the contact address below.

The terms and conditions of the Auction will be published on January 21, 2010.

Physical survey of the Boeing 737-400 aircraft documentions will be held on :

Date : 18 January 2010 - 27 January 2010
Time : 8.30 am - 2.00 pm
Location : Management Support Building, 1st Floor Garuda City
Soekarno Hatta International Airport
Cengkareng, 19120, Indonesia
P.O.BOX 1004 TNG BUSH

For further information, please contact :
Management Building, 2nd Floor Garuda City
Soekarno Hatta International Airport
Cengkareng, 19120, Indonesia
P.O.BOX 1004 TNG BUSH
Phone : 62-21-25601238,
Fax : 62-21-25601230.
Email : B734Sale@garuda-indonesia.com
Contact Person : Wahyu Mujarudin and Heldyora Limbong

Jakarta, January 18, 2010

PT. Garuda Indonesia (Persero)
Asset Management

J&J accused of kickbacks

U.S. Justice Department charges drug maker with illegal payments

By Jonathan D. Rockoff

In the latest case in the government's campaign against abusive drug-marketing practices, the Justice Department charged **Johnson & Johnson** with paying "tens of millions of dollars in kickbacks" to a nursing-home pharmacy company to boost sales of J&J drugs to nursing-home patients.

Proscutors, in a complaint filed in federal court in Boston Friday, accused J&J of illegally paying **Omnicare** Inc. to buy J&J medicines and recommend their use to nursing homes. Under the arrangements, prosecutors alleged, Omnicare's annual purchases of J&J medicines nearly tripled to more than $280 million.

The drugs included the blockbuster antipsychotic Risperdal, which was prescribed to control anxiety among patients with dementia and Alzheimer's, prosecutors said, though the drug isn't specifically approved for those uses. Medicaid bought the J&J medicines, prosecutors said, increasing the government's overall drug spending.

The allegations shed light on the workings of a lucrative marketing channel for drug makers that can help drive sales of major drugs: the middlemen like Omnicare that process prescriptions, distribute medicines and manage insurance.

The alleged kickbacks took place from 1999 to 2004 and included

Bloomberg News

Drugs allegedly included Risperdal.

payments for the pharmacy's physician prescriber data, which Omnicare had previously provided at no charge, according to prosecutors. J&J also paid rebates each quarter based on Omnicare's success switching patients from competitors' drugs, according to the complaint.

J&J, of New Brunswick, N.J., said its conduct was "lawful and appropriate" and that it looks forward to "airing the facts" in court. It declined to elaborate.

Drug makers commonly pay rebates on the prices of drugs sold to middlemen, and the practice is legal unless government programs like Medicaid don't get the benefit of the rebate. Under a 1990 federal law, drug makers are supposed to file quarterly reports showing that Medicaid programs got the same rebates as other big purchasers.

In this case, prosecutors allege that J&J tried to avoid reporting rebates to Omnicare, disguising them, for example, as the physician-prescriber-data payments.

The complaint also reflects recent government scrutiny of aggressive marketing of Risperdal and other so-called atypical antipsychotic drugs by Congress, regulators and law enforcement because of high use among children and the elderly, often for unapproved, or "off label," conditions.

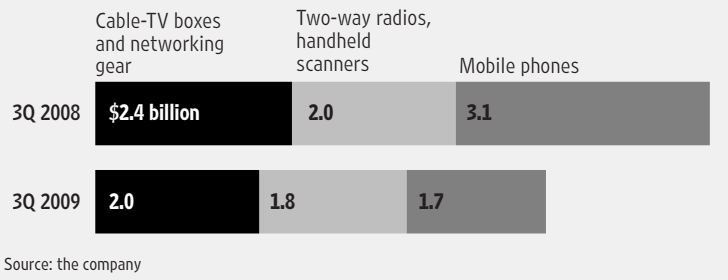
A year ago, **Eli Lilly** & Co. agreed to pay the government $1.4 billion for off-label promotion of its antipsychotic Zyprexa, and **AstraZeneca** PLC has set aside $520 million to cover an agreement in principle over its marketing of Seroquel. That settlement hasn't been finalized.

In 2005, the FDA required that all of the atypicals carry a "black box" warning that their use increases the risk of death among elderly patients with dementia. The practices alleged in the Justice Department complaint against J&J predate that action.

—Peter Loftus contributed to this article.

Shrinking pieces

Motorola sales fell in all three divisions in the latest quarter. It reports fourth-quarter figures on Jan. 28.



Source: the company

Motorola places breakup on hold

By Jeffrey McCracken And Dana Cimilluca

Motorola Inc. has put the auction of its biggest business unit on hold as the company reconsiders its latest breakup plan, said people familiar with the situation.

The move comes amid lower-than-expected bids for the company's home and networks mobility division, which had 2008 sales of $10.1 billion. Motorola had hoped the division would fetch $4 billion to $5 billion, said people briefed on the auction. But so far bids have fallen in the range of $3 billion to $4 billion, these people said.

Sales trends were also a factor in the move. The unit makes set-top boxes for cable TV, as well as mobile-phone networking gear. Amid an uptick in mobile-phone handsets sales, Motorola is examining whether its handset and networking businesses should stay under a single parent, one of the people said.

Two of the people said the next round of bids was expected to be due in mid-February. But that schedule has been thrown into limbo, they said, with Motorola's board and management set to meet in coming days to discuss the future of all businesses and to be updated on the auction.

Motorola could still proceed with the original plan and sell the business in coming months, these people said. A Motorola spokeswoman declined to comment.

While most of its rivals are looking to bulk up, Motorola has been trying to break itself into two or three pieces to help combat a companywide sales slump. For almost two years it has tried to spin off its high-profile handset business.

Motorola's sales in the third quarter fell 27% from a year earlier to $5.5 billion, and its earnings were just $12 million.

At least two telecommunications firms have made first-round bids for the home and networks mobility unit, said people familiar with the matter.

One bidder was Chinese telecommunications giant **Huawei Technologies** Co. That bid could encounter political opposition over concerns that a Chinese company with close ties to the Chinese government might gain access to sensitive U.S. telecommunications infrastructure.

Another, smaller telecom company, **Arris Group** Inc., also made it into the next round of bidding for the Motorola division, said people familiar with the matter. Arris, based in Georgia, makes voice, video and data equipment for cable companies and has a market capitalization of around $1.4 billion.

—Peter Lattman contributed to this article.

Hershey drafts a bid for Cadbury

Continued from page 19

with the deliberations. It likely will not bid were Kraft to raise its own offer to 800 pence or more, said these people.

Under British takeover law, Kraft has until Tuesday, Jan. 19, to make its final offer. Hershey would then have a deadline to make its approach that would be set by the U.K. takeover panel.

Hershey's emergence sets up a game of high-stakes chicken in coming days. If Hershey has enough financial firepower to top Kraft, should the American food company raise its own bid? Does Kraft have enough support from shareholders to raise its offer, having been previously rebuked by investor Warren Buffett about its approach?

It's clear that Kraft remains in the driver's seat. The food giant has a market capitalization of more than five times that of Hershey and could "take this from a beatable bid to an unbeatable one," conceded one person close to Hershey.

Hershey likely can't go as high as 850 pence, due to concerns about maintaining an investment-grade credit rating.

Samuel Weaver, a finance professor at Lehigh University who was in charge of valuing acquisitions at Hershey for 15 years until the late 1990s, said that Hershey should tread carefully in an acquisition of Cadbury. He said he worries that new debt would cripple a combined Hershey-Cadbury. He added that the combined company would have to allocate most of its cash flow to paying down debt, instead of funding a dividend payout and reinvesting in the company.

"It really gets ugly with the debt service going forward," Mr. Weaver said. He said he would counsel Hershey executives to allow the company's investment-grade rating to drop to one notch above speculative grade only if they had a three-year-plan to raise the combined company's credit rating.

Mr. Weaver added that while he hasn't examined Hershey's financial statements in detail, "I don't see [the acquisition] as a good deal."

Kraft Chief Executive Irene Rosenfeld was in London this past week, trying to woo Cadbury shareholders. Kraft will likely have to raise its offer if it is to convince enough of those shareholders to tender their stock.

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Shiseido to acquire Bare Escentuals

Japanese cosmetics giant will pay $1.7 billion for U.S. company in effort to increase revenue from overseas

Shiseido Co., Japan's largest cosmetics company, is set to acquire the American make-up company **Bare Escentuals** Inc for $1.7 billion, marking the largest acquisition in its 83-year history.

*By **Mariko Sanchanta**, **Ayai Tomisawa** And **Anjali Cordeiro***

The move underlines Shiseido's push to gain a presence in the U.S. market, where it has been a smaller, niche player. It also highlights that Japanese companies, faced with lackluster demand at home because of a shrinking population, are aggressively seeking out global acquisition targets in order to expand their businesses.

The U.S. was the biggest market for Japanese acquisitions last year, as the yen hit its strongest value against the dollar in more than a decade, boosting Japanese companies' purchasing power. Japanese companies spent $5.89 billion on 82 deals in the U.S. last year, according to Dealogic, a research firm that tracks such information.

Associated Press

An ad board for Shiseido in Tokyo. The cosmetics giant will buy U.S.-based Bare Escentuals, a step forward in its plan to boost its global presence.

"Our business in the states had been the weakest, and we needed a bit more presence in America," said Tatsuyoshi Endo, a Shiseido spokesman in Tokyo. "Asia is still the most important market to us, but we wanted more of a boost in the U.S."

Shiseido, which approached Bare Escentuals, has been talking to the company about the deal since last August. The deal was announced Friday in Tokyo, and Shiseido's shares jumped 5% on the news.

The acquisition of Bare Escentuals will catapult Shiseido to the fourth-largest cosmetics company in the world by sales, from No. 6 where it is now, putting it just after **L'Oreal**, **Procter & Gable** and **Unilever**.

Shiseido has been aggressively expanding in Asia, where it is now the third-biggest brand in China. But its presence in the U.S. has been small. In the fiscal year ended in March, only 21% of the company's global sales were generated from the U.S., compared with 45% from Asia and 34% from Europe.

Based in San Francisco, Bare Escentuals is widely credited with beginning the trend of "mineral" makeup—loose powder that looks like a more natural solution than traditional cake powders and foundations. Its chief executive, Leslie Blodgett, has become an iconic figure among beauty insiders.

Bare Escentuals gained particular traction with young American women concerned with their complexion and willing to pay top dollar to improve it.

The company has a 67% market share in the mineral-foundation market, according to data compiled by Shiseido.

Bare Escentuals went public in 2006 in the midst of a period of fast growth for the specialty cosmetics company. In the first half of 2006, just before the company had its initial public offering, it saw its sales grow by more than 60%. More recently the company has felt the pressure of a weaker consumer environment in the U.S. as consumers have cut back on discretionary purchases like pricier cosmetics.

The high-end cosmetics maker for the most part sells through non-traditional outlets like its own boutiques, on the home-shopping channel QVC and in specialty stores.

Eric Wong, the company's vice president for investor relations, said Bare Escentuals had agreed to the deal because it had been looking to grow internationally.

Tata Consultancy sees steady margins

By Deepali Gupta

MUMBAI—**Tata Consultancy Services** Ltd., India's largest software maker by revenue, expects to maintain its operating margins in the fiscal year ending March 2011, although a further rise in margins is unlikely, Chief Financial Officer S. Mahalingam said Saturday, after the company posted an unexpectedly sharp gain in net profit for its third quarter.

"We are focused on margins...and expect to maintain them in the foreseeable future," Mr. Mahalingam said in an interview, a day after the company announced a 33% rise in October-December net profit to 17.97 billion rupees ($392.5 million), under U.S. accounting standards.

For the third quarter, TCS reported operating margin of 27.3%, a 103-basis-point improvement from the previous quarter.

Indian technology companies are slowly recovering from the impact of the global economic slowdown, which led customers to scrap or delay projects and seek lower rates for services.

TCS also saw a decrease in its pricing and doesn't expect billing rates to rise to levels of earlier years, although the decline has now been arrested, Mr. Mahalingam said.

"We have been able to deliver these margins despite this pricing," he said, indicating that there is no pressing need to push up billing rates.

The company has made job offers to about 5,500 students for the next fiscal ending March 2011, Mr. Mahalingam said. He didn't specify the wage increase TCS is planning to give, nor the overall staff increase it expects.

In the third quarter, TCS reported 6.6% growth in business volume, driven by 10 large deals and some project extensions from existing clients. With that, TCS became the second major Indian information technology firm to report strong quarterly results.

The growth in the third quarter was still driven by a large number of outsourcing contracts requiring routine tasks like application development and management, Mr. Mahalingam said.

JAL lands $1.6 billion loan

By Yoshio Takahashi

TOKYO—**Japan Airlines** Corp. said Friday it has procured a loan of 145 billion yen ($1.6 billion) from the state-backed **Development Bank of Japan**, as the airline continues to draft a restructuring plan.

The loan is part of the DBJ's credit line to JAL—doubled to 200 billion yen earlier this month—that is intended to help the carrier maintain its daily operations while it restructures. JAL had already used 55 billion yen of the initial credit line provided in November.

Meanwhile, Japan's transport minister said Friday that a state-backed corporate-turnaround body will start its rehabilitation process for JAL on Tuesday, and the carrier is expected to file for court-led rehabilitation on the same day. Transport Minister Seiji Maehara made the announcement to reporters following a meeting with Prime Minister Yukio Hatoyama.

Quasigovernmental investment fund **Enterprise Turnaround Initiative** Corp. has proposed that JAL undergo a modified version of a court-led rehabilitation process, according to a person familiar with the situation.

—Kazuhiro Shimamura contributed to this article.

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MARKETS

KB Financial feud heats up

Regulators to investigate alleged leak of news about probe that caused chairman to resign

By Evan Ramstad

SEOUL—South Korean regulators stepped up a feud with the nation's largest bank that has already produced the ouster of the firm's two top executives.

On Friday, an official sharply criticized **KB Financial Group** Inc. for allegedly leaking to the media details of a government investigation that forced the company's new chairman, Kang Chung-won, to resign on Jan. 2, just weeks after he was appointed to succeed the previous top executive who was forced out in September.

Accounts in domestic newspapers on Friday said the Financial Supervisory Service spent four days last month interviewing Mr. Kang's drivers to determine whether two cars provided to him by the company were ever driven for personal use.

The news gave the appearance the FSS was targeting Mr. Kang, the CEO of KB's main Kookmin Bank subsidiary since 2004, just days after he was appointed chairman of the overall company over two former government finance officials. Mr. Kang resigned from the new post on Jan. 2, citing "critical public opinion" that he was appointed unfairly. He remains CEO of Kookmin Bank.

In response to Friday's news, the FSS said it will now investigate how the information about its investigation was leaked. FSS Deputy Governor Joo Jae-seong told local reporters the leak threatened "the independence of the FSS's investigative operations."

Reuters

Kang Chung-won resigned as KB Financial chairman soon after being appointed.

KB issued a statement apologizing for the disclosure and said it will try to prevent reoccurrences.

Governments around the world are taking a more active role in troubled banks since the financial crisis began in 2008, but KB isn't in that category.

The company, which is by far South Korea's largest bank with $295 billion in assets, had virtually no exposure to troubled U.S. real-estate investments in 2008 and set aside just $2 billion as a provision for credit losses at the start of the economic downturn. KB remained profitable throughout the global crisis, though earnings were sharply lower in 2009 as South Korea slumped nearly into recession.

In August, government regulators slapped KB's then-chairman, Hwang Young-key, with the harshest penalty they have ever dealt a bank executive, ruling he couldn't hold his job longer than his current appointment. It imposed the penalty because of losses suffered on U.S. mortgage-related securities in 2008 at Woori Financial Holdings Co., where Mr. Hwang was previously chairman. Though he had left Woori at the time of the losses, regulators faulted him for approving them in the first place.

South Korean President Lee Myung-bak has said nothing about the regulator-imposed changes at KB, which the government controlled until the company was privatized in 2003. Mr. Lee frequently advocates less government intervention in the economy. But in the past year, new executives with ties to government were appointed at two former government-owned companies, steelmaker Posco and communications giant KT Corp.

A spokesman said over the weekend that the presidential office had no comment on the KB matter.

—Jaeyeon Woo contributed to this article.

Temasek mulls new bond sales as demand appears strong

By P.R. Venkat
And Costas Paris

SINGAPORE—**Temasek Holdings** Pte. Ltd., the Singapore government-owned investment company, is considering either raising the amount of its $5 billion medium-term note program or coming out with a new issuance plan this year, two people familiar with the situation said Friday.

The timing and amount of any new issuance have yet to be finalized, but one person familiar with the situation said a new bond issue could be valued at $2 billion to $3 billion.

"It is still at an early stage, and Temasek is studying the market," the person said.

Another person familiar with the situation said Temasek was likely to publicize its plans in the first or second quarter of the year.

The global bond market is heating up as issuers hurry to offer debt ahead of expected interest-rate rises later this year. So far this month, the Philippines and Indonesia have issued global bonds to take advantage of the current interest-rate environment.

While one person said Temasek is certainly aware of the favorable environment, its plans were being driven more by strong investor appetite.

"There is investor demand for Temasek bonds and we are getting lots of inquiries," a banker familiar with the situation said.

Temasek announced a $5 billion medium-term note program in 2005. Some $4 billion of the money has been used to fund Temasek's operations.

The first tranche, issued in September 2005, was for $1.75 billion of 10-year bonds paying 4.5%. It was the first global bond in the investment company's 35-year history.

A subsequent tranche, issued in October 2009, was for $1.5 billion. A 10-year note paid 4.3%, while a 30-year tranche valued at $500 million issued in November offered investors 5.375%.

Under the same 2005 program, Temasek came out last December with two tranches of notes denominated in Singapore dollars, both worth S$300 million (US$216 million). A 20-year tranche paid 4%, while a 30-year tranche carried a coupon of 4.2%.

Temasek will keep the flexibility of issuing the notes in "a range of currencies," which would enable it to tap the market according to demand, the second person said.

Temasek has a rating of triple-A from Standard & Poor's Ratings Services and Aaa from Moody's Investors Service.

'Through train' crash didn't kill dreams of China cash

Continued from page 19

and securities firms with QDII quotas. Though an "offshore" market, it was reassuringly familiar to Chinese fund managers and their clients alike. And as a bull run in China's domestic markets pushed share prices to new heights, the Hong Kong shares of companies also trading in Shanghai looked cheap by comparison.

Some investors had already begun buying up Hong Kong shares in anticipation of the incoming liquidity flood. Then, in a move that poured gasoline on a bonfire, the State Administration of Foreign Exchange unveiled its through-train project.

Investors from anywhere in China seeking to trade shares in Hong Kong would be able to invest as much as they wanted, so long as they did so through a particular **Bank of China** branch in the northeast city of Tianjin. Tianjin, power base to certain members of China's governing elite, would get a useful leg up in its ambitions to become a financial center rivaling Shanghai.

While Wall Street and London teetered under mounting revelations of financial woe in the banking sector, visions of Chinese money pouring into Hong Kong drove the Hang Seng Index 47% higher in the 10 weeks after the through-train news broke. Delays and backtracking on the program eventually helped turn sentiment; so did the realization that Hong Kong was in the same economic mess entangling the rest of the world. Stocks collapsed, and even today, after 2009's impressive gains, they remain about a third below their 2007 peak.

Many Chinese investors unfortunate enough to buy into the first wave of QDII funds, some of which fell 80% in value, lost their shirts. In 2008, Beijing halted new QDII approvals, lifting the ban only last October. Altogether, some 69 funds have been approved to raise as much as $65 billion, but they have struggled to reach anything near their alloted quotas. Meanwhile, QDII funds are taking a more global view of where to invest, meaning Hong Kong has more competition for the cash.

Since last year, Chinese liquidity, mostly coming through unofficial channels that evade foreign-exchange controls, has become a topic of conversation again in Hong Kong. But it is mostly in connection with the Hong Kong's property market, where mainland buyers are pushing up prices of luxury condominiums, sparking fears of an asset bubble.

Efforts to invent new ways to bring together Chinese money and Hong Kong stocks continue. Two ideas include Hong Kong exchange-traded funds and Chinese depositary receipts for Hong Kong companies, both of which could trade on the Shanghai market. They both got a high-profile plug when Chinese Premier Wen Jiabao discussed them with Hong Kong's chief executive, Donald Tsang, late last month.

With more product innovation to spur investor interest, QDII funds could start to take off again as well, says Jing Ulrich, chairwoman of China equities and commodities at J.P. Morgan, who dismisses the through-train hoopla as so much noise. "I'm a believer in the QDII scheme because there's a tremendous amount of mainland liquidity that needs to find a home," she says.

Salter, the force behind Hilco Consumer Capital, departs firm

By Peter Lattman

Jamie Salter, the driving force behind a **Hilco Consumer Capital** investment vehicle that is revitalizing failed consumer brands such as Polaroid, The Sharper Image and Linens 'n Things, has left the firm.

During the past two years Mr. Salter aggressively purchased a stable of struggling retail brands, many of them out of bankruptcy. The hope was to exploit the remaining value of the brands, striking licensing and other merchandising agreements with manufacturers and retailers.

Hilco, which was formed in 2006, is jointly owned by Hilco Trading, a financial firm known for its large retail liquidation business; Mr. Salter; and several other executives. **Goldman Sachs Group** Inc. and **Cerberus Capital Management** LP, which own minority stakes in the Hilco parent, also have interests in the venture.

Hilco Consumer Capital named former general counsel Eric Kaup as interim CEO.

Polaroid, the American instant-photography company, is Hilco's largest deal to date. After a heated auction last April, Hilco agreed to pay $88 million for the brand. Last week, Polaroid named Lady Gaga, the pop music star, as its creative director. Ms. Gaga will help the company develop new cameras and accessories.

Other brands in Hilco's portfolio include Ellen Tracy, Halston and the merchandizing rights to the late musician Bob Marley.

Mr. Salter built several businesses before starting Hilco. In 2004 he founded Collective Licensing, a brand-licensing business that in 2007 was sold to Payless Shoe Source Inc., which that year was renamed Collective Brands Inc.

J.P. Morgan's retail pain

Profit surges to $3.28 billion, but mortgage issues remain; pay rises

By Robin Sidel

A huge rebound in trading and investment banking propelled **J.P. Morgan Chase** & Co. to a quarterly profit of $3.28 billion, but unrelenting losses on consumer loans cast gloom across U.S. banks heading into this week's flurry of earnings reports.

The largest U.S. bank in stock-market value also said it is nipping bonuses for investment bankers by an unspecified amount to help offset the cost of the new U.K. bonus tax. The move spreads financial pain from the one-time tax of 50% on certain bonuses paid in the U.K. throughout J.P. Morgan's investment bank, putting pressure on rival firms to do the same.

The results underscored the divide between a resurgent Wall Street and the rest of the U.S.

Fourth-quarter profit at J.P. Morgan soared to $3.28 billion, or 74 cents a share, from the year-earlier $702 million, or six cents a share. Revenue climbed 32% to $25.24 billion in the latest quarter.

J.P. Morgan's results reinforced the divide between a resurgent Wall Street and the rest of the U.S. The stock market's surge, unfrozen credit markets and rekindled deal making are propping up the bottom line even as it is threatened by the impact of foreclosures, unemployment and other forms of the turmoil affecting many Americans.

James Dimon

Retail-banking operations at the New York company swung to a net loss of $400 million in the fourth quarter from a profit of $624 million in the fourth quarter of 2008. Defaults still are rising for home-equity loans and mortgages held by subprime borrowers and even those with good credit histories, the bank said Friday.

J.P. Morgan also took a hit from losses related to its 2008 purchase of the banking operations of Washington Mutual Inc. The Seattle thrift was a huge mortgage lender before being seized by regulators and sold to J.P. Morgan.

In contrast, the investment bank at J.P. Morgan cranked out earnings of $1.9 billion in the latest quarter, up from a year-earlier net loss of $2.4 billion loss. The business was fueled by higher investment-banking fees and bond-trading revenue.

Because of the sharply mixed outlook, J.P. Morgan likely won't increase its dividend until mid-2010 at the earliest, said James Dimon, the company's chairman and chief executive. "We really want to see a real recovery," he said. The economy will force J.P. Morgan sock away money to absorb expected losses on credit cards and mortgages.

The results dragged down financial stocks overall, especially U.S. banks with large exposure to consumer loans. **Bank of America** Corp. fell 3.3%, or 56 cents, to $16.26. **Citigroup** was down 2.6%, or nine cents, to $3.42. Regional bank **KeyCorp** fell 3.9%, or 27 cents to $6.58.

Among firms that generate the bulk of their business from Wall Street, **Goldman Sachs Group** Inc. slipped 2% on Friday, or $3.32, to $165.21. **Morgan Stanley** was down 82 cents, or 2.6%, to $30.38.

All five of those companies report earnings this week.

J.P. Morgan said its 2009 compensation and benefits reached $26.9 billion, up 19% from $22.7 billion in both 2007 and 2008.

In the investment bank, J.P. Morgan set aside $9.3 billion in 2009 for salaries, bonuses and incentive compensation, up 21% from 2008 and 16% from 2007. Like other firms, J.P. Morgan is paying more compensation in the form of stock, though some top earners still get more cash because the firm ditched its $1 million cash limit. Citigroup is imposing a $100,000 cash cap for most employees.

Lehman bankruptcy tab climbs to $568.7 million

By Marie Beaudette

The lawyers, financial advisers and consultants working to unwind Lehman Brothers Holdings Inc. in bankruptcy racked up $568.7 million in fees through December 2009.

In papers filed with the U.S. Bankruptcy Court in Manhattan on Thursday, Lehman detailed the fees it paid to the professionals working on its Chapter 11 case between its Sept. 15, 2008, bankruptcy filing and the end of December 2009.

All told, 28 law firms, financial advisers, investment banks and consulting firms were paid $568.7 million in fees and expense reimbursements through December. The firms working on the case are subject to 10% fee hold backs, which weren't included in the total.

Bryan Marsal

Alvarez & Marsal, the firm that is winding down Lehman's operations and unraveling thousands of derivatives contracts, has been paid a total of about $218.3 million since Lehman sought Chapter 11 protection. Last summer, the firm said it had about 175 full-time employees working to wind down Lehman's business. Bryan Marsal, one of the firm's founders, is serving as Lehman's chief executive. Alvarez & Marsal said it expects to complete an outline of a creditor-repayment plan for Lehman by the end of the first quarter.

Weil, Gotshal & Manges LLP, Lehman's bankruptcy law firm, racked up about $127.1 million in fees and expenses.

The law firm representing Lehman's unsecured creditors committee, Milbank, Tweed, Hadley & McCloy LLP, was paid about $42.4 million through December. The committee's financial adviser, FTI Consulting Inc., has taken in a total of $20.6 million.

Lehman's bankruptcy case, the largest ever filed, is expected to be one of the most expensive in U.S. history. Over the past 16 months, bankruptcy professionals have sold off a number of Lehman's most lucrative businesses while working to preserve the value of its other assets.

The professionals working to unwind Lehman have managed to bring in more than $12 billion since the investment bank sought bankruptcy protection. In November, Alvarez & Marsal said Lehman's U.S. units had about $15.7 billion in cash and investments, up from about $3.5 billion when the investment bank filed for Chapter 11.

More than $800 million in claims have been filed against the investment bank. The bankruptcy court recently said Lehman could implement a streamlined process to resolve the nearly 65,000 claims, some of which likely are duplicates.

To do for China agency: futures, foreign listings

By Michelle Ng

SHANGHAI—China's securities regulator says its major tasks this year include the smooth launch of stock-index futures, progress on allowing foreign firms to list on the domestic exchanges and the introduction of margin trading and short-selling at a suitable time.

No date has been set for the much-awaited launch of the index futures. The China Securities Regulatory Commission said this month it is expected to take about three months for launch preparations to be completed.

Shang Fulin

Shang Fulin, the CSRC chairman, didn't give any further timetable for the initiatives.

Other tasks for 2010 include backing the overseas expansion of local brokerages, developing the start-up ChiNext board and reforming share-issuance mechanisms, Mr. Shang said at the regulator's annual meeting Tuesday. His remarks were posted Thursday night on the CSRC's Web site.

Mr. Shang said the regulator would formulate rules for the stock-index futures, such as whether investors who are part of China's qualified foreign institutional investor program will be allowed to trade them.

Beijing has for years balked at introducing potentially risky financial derivative and investment tools. China banned financial futures in the mid-1990s after a scandal involving a similar product, futures on bonds, that nearly caused the nation's nascent financial system to collapse.

In a review of the regulator's work last year, Mr. Shang said China's capital markets managed to develop despite the global financial crisis.

Last year, 150 firms and 99 initial public offerings raised a total of 446.6 billion yuan ($65.42 billion) from China's stock markets, the regulator said in a separate statement Thursday.

PricewaterhouseCoopers said in a recent report that Chinese companies raised 185.6 billion yuan from IPOs on the domestic stock markets in 2009, up 79% from 103.5 billion yuan in 2008.

The securities regulator didn't give details of its pledge to let foreign companies list in China. In the past year, Chinese officials have repeatedly discussed a plan for the Shanghai Stock Exchange to launch an international board, where foreign companies would be expected to float yuan-denominated shares.

Preparatory work for the board has been under way for a few years, but little progress was achieved until March last year, when Beijing approved Shanghai's proposal to develop itself into a global financial and shipping hub by 2020.

Global banking giant HSBC Holdings PLC has hired investment bankers to advise it on a planned Shanghai IPO of as much as $5 billion, people familiar with the situation said in August.

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MARKETS

Intel report lifts techs; Japanese banks advance

By V. Phani Kumar And Colin Ng

Chip makers led a modest advance in Asian markets Friday, after a solid earnings report from **Intel**, while Chinese property stocks found buyers after a string of recent declines.

ASIAN-PACIFIC STOCKS

"On top of Intel's strong results, its strong outlook heading into 2010 will likely help local technology stocks extend gains," said Kim Seung-han at HI Investment & Securities in Seoul.

In Tokyo, **Elpida Memory** rose 1.5% **Tokyo Electron** gained 2.2% and **Advantest** gained 2.6%, while in Seoul, **Hynix Semiconductor** rose 2.6% and **Samsung Electronics** gained 1.8%.

Japan's Nikkei Stock Average of 225 companies was among the bigger index gainers, rising 0.7% to 10982.10, its highest close since Oct. 2, 2008. In a holiday-shortened week, the Nikkei added 1.7%.

Banks also staged a rally. **Sumitomo Mitsui Financial Group** rose 5.2% and **Mitsubishi UFJ Financial Group** gained 3.5% on short-covering, on the view that most negatives are already priced in after major equity financing moves in the sector have taken place.

The country's biggest cosmetics maker, **Shiseido**, jumped 5.1% on news it will buy U.S.-based **Bare Escentuals** for $1.7 billion to expand its overseas business.

Vietnam to market 10-year note

By Ditas Lopez

Vietnam is the next emerging-market borrower to try to tap the international bond market: It will begin marketing a $1 billion, 10-year bond offering on Monday, a person familiar with the deal said Friday.

BOND MARKETS

Vietnam, which is rated in junk-bond territory by Moody's Investors Service and Standard & Poor's Ratings Service, will kick off investor meetings in Hong Kong on Monday and continue in London on Tuesday, Boston on Wednesday and New York on Thursday, the person said. Barclays Capital, Deutsche Bank and Citigroup are in charge of the sale.

Japanese bonds

Yields on Japanese government bonds fell Friday as investors focused on a smooth bond auction a day earlier that eased fears about supply. The benchmark 10-year yield shed 0.01 percentage point to 1.32%.

Yields are likely to continue easing on expectations that the Bank of Japan may take additional measures to combat deflation.

Dow tumbles 100.9 points after earnings

By Peter A. McKay

U.S. stocks had their worst decline of the year on Friday as the first week of earnings season failed to live up to investors' lofty expectations.

J.P. Morgan's results showed the company's retail bank was still struggling, adding to evidence that the U.S. consumer is still far from recovery.

ABREAST OF THE MARKET

Chip-maker **Intel** also failed to inspire investors with earnings and a forecast that exceeded expectations.

The Dow Jones Industrial Average fell from a 15-month high, dropping 100.9 points, or 0.9%, to 10609.65, its biggest decline since Dec. 31. The benchmark fell 0.8% for the week.

After a 62% rally since March, investors came into the fourth-quarter earnings season with high hopes. Revenue forecasts had been rising since the summer and analysts were forecasting the first gain in earnings for companies in the Standard & Poor's 500-stock index since the second quarter of 2007.

"To have two marquee-name companies like J.P. Morgan and Intel put out their earnings and have the market react like this is a very bad sign," suggesting that a broader correction may be in store, said strategist Bill King, of M. Ramsey King Securities.

While some analysts had tempered their hopes for financial stocks amid a slowdown in stock and bond trading toward year end, J.P. Morgan's revenue disappointed and news of a loss at its retail bank worried investors. J.P. Morgan dropped 2.3%, leading a decline in financial stocks. **Bank of America** fell 3.3%.

Intel, which released its earnings report late Thursday, declined 3.2%.

The technology-heavy Nasdaq Composite fell 1.2%. The S&P 500 fell 1.1%. All its sectors ended lower, led by a 2% pullback in financials.

"It was easy through most of last year to beat expectations, but that's becoming increasingly difficult and disappointment is much more frequent," Bruce McCain, chief investment strategist at Key Private Bank.

FUND SCORECARD

Japan Large-Cap Equity

Funds that invest primarily in the equities of large-cap Japansese companies. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending January 15, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
3	**Ashburton Japan Equity $ PC Inc**	Ashburton (Jersey) Limited	USD	Jersey	**9.08**	51.36	-8.99	5.89
5	**IP Japan**	INVESCO Fund Managers Limited	GBP	United Kingdom	**8.66**	47.35	5.12	5.91
5	**Invesco Japanese Equity Core C**	Invesco Global Asset Management Limited	USD	Ireland	**7.64**	45.69	4.53	5.73
NS	**Soprarno Nikkei 225**	SOPRARNO SGR S.P.A.	EUR	Italy	**4.21**	43.89	-16.86	NS
NS	**Ashburton Japan Equity £ Feeder PC Inc**	Ashburton (Jersey) Limited	GBP	Jersey	**7.28**	41.34	-11.47	NS
NS	**Union Indiciel Japon 225**	Crédit Mutuel-CIC	EUR	France	**4.37**	38.78	-15.88	NS
2	**BBVA Bolsa Japón (Cubierto) FI**	BBVA Asset Management	EUR	Spain	**4.11**	36.28	-18.52	-0.87
1	**BBVA Bolsa Índice Japón (Cub.) FI**	BBVA Asset Management	EUR	Spain	**4.11**	35.93	-18.18	NS
4	**LionGlobal Japan Growth SGD**	Lion Global Investors Ltd	SGD	Singapore	**5.99**	35.79	-6.21	1.32
2	**OP-Japani Indeksi A**	OP-Rahastoyhtiö Oy	EUR	Finland	**7.17**	35.48	-10.10	-1.39

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	01/14	EUR	54.32	-0.6	18.6	-26.5
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	01/14	USD	10.69	3.1	39.6	-12.2
Am Eq Blend B	US	EQ	LUX	01/14	USD	10.03	2.9	38.0	-13.1
Am Growth A	US	EQ	LUX	01/14	USD	31.81	1.8	45.9	-3.7
Am Growth AX	US	EQ	LUX	01/14	USD	34.34	1.8	46.8	-3.2
Am Growth B	US	EQ	LUX	01/14	USD	26.74	1.8	44.5	-4.7
Am Growth C	US	EQ	LUX	01/14	USD	28.78	1.8	45.3	-4.1
Am Growth I	US	EQ	LUX	01/14	USD	35.26	1.8	47.0	-3.0
Am Income A	US	BD	LUX	01/14	USD	8.52	1.1	24.5	5.9
Am Income A2	US	BD	LUX	01/14	USD	19.29	1.3	24.5	5.9
Am Income A2	OT	OT	NA	01/14	HKD	149.65	1.2	NS	NS
Am Income AT	OT	OT	NA	01/14	HKD	66.10	1.2	NS	NS
Am Income AT	US	BD	LUX	01/14	USD	8.52	1.3	24.5	5.9
Am Income B	US	BD	LUX	01/14	USD	8.52	1.1	23.5	5.1
Am Income B2	US	BD	LUX	01/14	USD	16.62	1.3	23.7	5.1
Am Income B2	OT	OT	NA	01/14	HKD	128.93	1.2	NS	NS
Am Income BT	OT	OT	NA	01/14	HKD	66.48	1.2	NS	NS
Am Income BT	US	BD	LUX	01/14	USD	8.57	1.3	23.7	5.2
Am Income C	US	BD	LUX	01/14	USD	8.52	1.1	23.8	5.4
Am Income C2	US	BD	LUX	01/14	USD	24.72	1.3	24.0	5.4
Am Income I	US	BD	LUX	01/14	USD	8.52	1.1	25.2	6.5
Am Value A	US	EQ	LUX	01/14	USD	8.75	2.6	27.4	-11.9
Am Value B	US	EQ	LUX	01/14	USD	8.05	2.5	26.0	-12.8
Am Value C	US	EQ	LUX	01/14	USD	8.75	2.6	26.8	-12.3
Am Value I	US	EQ	LUX	01/14	USD	9.41	2.5	28.2	-11.2
Emg Mkts Debt A	GL	BD	LUX	01/14	USD	15.69	0.8	44.2	8.0
Emg Mkts Debt A2	GL	BD	LUX	01/14	USD	20.32	1.0	44.3	8.1
Emg Mkts Debt AT	GL	BD	LUX	01/14	USD	15.77	1.1	44.5	8.1
Emg Mkts Debt B	GL	BD	LUX	01/14	USD	15.69	0.8	42.9	7.0
Emg Mkts Debt B2	GL	BD	LUX	01/14	USD	19.56	1.0	42.9	7.0
Emg Mkts Debt BT	GL	BD	LUX	01/14	USD	15.74	1.0	42.8	7.0
Emg Mkts Debt C	GL	BD	LUX	01/14	USD	15.69	0.8	43.6	7.5
Emg Mkts Debt C2	GL	BD	LUX	01/14	USD	19.97	1.1	43.7	7.6
Emg Mkts Debt I	GL	BD	LUX	01/14	USD	15.69	0.8	45.0	8.6
Emg Mkts Growth A	GL	EQ	LUX	01/14	USD	35.26	1.8	88.3	-11.7
Emg Mkts Growth B	GL	EQ	LUX	01/14	USD	29.87	1.7	86.3	-12.6
Emg Mkts Growth C	GL	EQ	LUX	01/14	USD	30.56	1.7	87.5	-12.1
Emg Mkts Growth I	GL	EQ	LUX	01/14	USD	39.10	1.8	89.8	-11.0
Eur Growth A	OT	OT	LUX	01/14	USD	10.47	2.7	33.0	-14.2
Eur Growth A	OT	OT	LUX	01/14	EUR	7.22	2.7	33.0	-14.2
Eur Growth B	OT	OT	LUX	01/14	EUR	6.49	2.7	31.6	-15.0
Eur Growth B	OT	OT	LUX	01/14	USD	9.41	2.7	31.6	-15.0
Eur Growth C	EU	EQ	LUX	01/14	EUR	5.47	2.6	32.1	-14.5
Eur Growth I	OT	OT	LUX	01/14	USD	11.42	2.7	34.0	-13.5
Eur Growth I	OT	OT	LUX	01/14	EUR	7.88	2.7	34.0	-13.5
Eur Income A	OT	OT	LUX	01/14	EUR	6.74	2.1	37.5	5.3
Eur Income A	OT	OT	LUX	01/14	USD	9.77	2.1	37.5	5.3
Eur Income A2	OT	OT	LUX	01/14	EUR	13.17	2.3	37.5	5.3
Eur Income A2	OT	OT	LUX	01/14	USD	19.09	2.3	37.5	5.3
Eur Income AT	EU	BD	LUX	01/14	EUR	6.74	2.4	37.5	5.3
Eur Income B	OT	OT	LUX	01/14	EUR	6.74	2.1	36.7	4.6
Eur Income B	OT	OT	LUX	01/14	USD	9.77	2.1	36.7	4.6
Eur Income B2	OT	OT	LUX	01/14	EUR	12.25	2.3	36.6	4.5
Eur Income B2	OT	OT	LUX	01/14	USD	17.76	2.3	36.6	4.5
Eur Income BT	EU	BD	LUX	01/14	EUR	6.74	2.3	36.7	4.5
Eur Income C	OT	OT	LUX	01/14	EUR	6.74	2.1	36.9	4.8
Eur Income C	OT	OT	LUX	01/14	USD	9.77	2.1	36.9	4.8
Eur Income C2	OT	OT	LUX	01/14	EUR	13.13	2.3	36.9	4.8
Eur Income C2	OT	OT	LUX	01/14	USD	19.03	2.3	36.9	4.8
Eur Income I	OT	OT	LUX	01/14	EUR	6.74	2.1	38.1	5.9
Eur Income I	OT	OT	LUX	01/14	USD	9.77	2.1	38.1	5.9
Eur Strat Value A	OT	OT	LUX	01/14	EUR	8.68	1.8	29.7	-18.6
Eur Strat Value A	OT	OT	LUX	01/14	USD	12.58	1.8	29.7	-18.6
Eur Strat Value I	OT	OT	LUX	01/14	EUR	8.89	1.7	30.7	-17.9
Eur Strat Value I	OT	OT	LUX	01/14	USD	12.89	1.7	30.7	-17.9
Eur Value A	OT	OT	LUX	01/14	EUR	9.34	1.5	34.2	-15.5
Eur Value A	OT	OT	LUX	01/14	USD	13.54	1.5	34.2	-15.5
Eur Value B	OT	OT	LUX	01/14	USD	12.45	1.5	33.0	-16.3
Eur Value B	OT	OT	LUX	01/14	EUR	8.59	1.5	33.0	-16.3
Eur Value C	OT	OT	LUX	01/14	USD	13.09	1.6	33.6	-15.8
Eur Value C	OT	OT	LUX	01/14	EUR	9.03	1.6	33.6	-15.8
Eur Value I	OT	OT	LUX	01/14	USD	15.64	1.6	35.4	-14.8
Eur Value I	OT	OT	LUX	01/14	EUR	10.79	1.6	35.4	-14.8
GI Balanced (Euro) A	OT	OT	LUX	01/14	USD	16.93	1.8	26.1	-9.6
GI Balanced (Euro) B	OT	OT	LUX	01/14	USD	16.50	1.9	25.1	-10.4
GI Balanced (Euro) C	OT	OT	LUX	01/14	USD	16.80	1.8	25.8	-9.8
GI Balanced (Euro) I	OT	OT	LUX	01/14	USD	17.25	1.9	NS	NS
GI Balanced A	US	BA	LUX	01/14	USD	16.86	2.3	32.1	-9.1
GI Balanced B	US	BA	LUX	01/14	USD	16.02	2.2	30.8	-10.0
GI Balanced C	OT	OT	LUX	01/14	USD	16.60	2.2	31.6	-9.4
GI Balanced C	OT	OT	LUX	01/14	EUR	11.45	2.2	31.6	-9.4
GI Balanced I	US	BA	LUX	01/14	USD	17.49	2.3	33.0	-8.4
GI Bond A	US	BD	LUX	01/14	USD	9.34	1.1	13.3	4.6
GI Bond A2	US	BD	LUX	01/14	USD	16.20	1.2	13.2	4.6
GI Bond A2	OT	OT	NA	01/14	HKD	125.67	1.2	13.2	4.6
GI Bond AT	OT	OT	LUX	01/14	HKD	72.38	1.2	13.2	4.6
GI Bond AT	US	BD	LUX	01/14	USD	9.33	1.2	13.2	4.6
GI Bond B	US	BD	LUX	01/14	USD	9.34	1.1	12.2	3.5
GI Bond B2	US	BD	LUX	01/14	USD	14.18	1.1	12.0	3.5
GI Bond B2	OT	OT	NA	01/14	HKD	110.00	1.1	12.0	3.5
GI Bond BT	OT	OT	LUX	01/14	HKD	72.69	1.2	12.1	3.5
GI Bond BT	US	BD	LUX	01/14	USD	9.37	1.2	12.1	3.5
GI Bond C	US	BD	LUX	01/14	USD	9.34	1.1	12.8	4.1
GI Bond C2	US	BD	LUX	01/14	USD	14.06	1.2	12.8	4.1
GI Bond I	US	BD	LUX	01/14	USD	9.34	1.1	13.9	5.2
GI Conservative A	US	BA	LUX	01/14	USD	15.10	1.5	19.9	-3.2
GI Conservative A2	US	BA	LUX	01/14	USD	17.19	1.5	19.9	-3.2
GI Conservative B	US	BA	LUX	01/14	USD	15.09	1.5	18.3	-4.3
GI Conservative B2	US	BA	LUX	01/14	USD	16.33	1.5	18.8	-4.2
GI Conservative C	US	BA	LUX	01/14	USD	15.09	1.5	18.8	-3.9
GI Conservative C2	US	BA	LUX	01/14	USD	16.82	1.6	19.5	-3.6
GI Conservative I	US	BA	LUX	01/14	USD	15.18	1.6	20.1	-2.8
GI Eq Blend A	GL	EQ	LUX	01/14	USD	12.01	3.0	44.5	-18.7
GI Eq Blend B	GL	EQ	LUX	01/14	USD	11.27	2.9	43.2	-19.5
GI Eq Blend C	GL	EQ	LUX	01/14	USD	11.80	3.0	44.1	-19.1
GI Eq Blend I	GL	EQ	LUX	01/14	USD	12.67	3.0	45.8	-18.1
GI Growth A	GL	EQ	LUX	01/14	USD	43.04	2.7	42.8	-19.9
GI Growth B	GL	EQ	LUX	01/14	USD	35.92	2.7	41.4	-20.7
GI Growth C	GL	EQ	LUX	01/14	USD	41.30	2.7	42.2	-20.2
GI Growth I	GL	EQ	LUX	01/14	USD	47.81	2.8	44.0	-19.2
GI High Yield A	US	BD	LUX	01/14	USD	4.43	2.3	59.0	6.1
GI High Yield A2	US	BD	LUX	01/14	USD	9.51	2.7	59.0	6.0
GI High Yield A2	OT	OT	NA	01/14	HKD	73.78	2.7	59.0	6.0
GI High Yield AT	OT	OT	NA	01/14	HKD	34.13	2.8	58.9	6.0
GI High Yield AT	US	BD	LUX	01/14	USD	4.40	2.8	58.9	6.0
GI High Yield B	US	BD	LUX	01/14	USD	4.43	2.3	56.9	4.8
GI High Yield B2	US	BD	LUX	01/14	USD	15.28	2.7	57.4	5.0
GI High Yield B2	OT	OT	NA	01/14	HKD	118.54	2.7	57.4	5.0
GI High Yield BT	OT	OT	NA	01/14	HKD	34.68	2.5	57.3	4.9
GI High Yield BT	US	BD	LUX	01/14	USD	4.47	2.5	57.3	4.9
GI High Yield C	US	BD	LUX	01/14	USD	4.43	2.3	58.1	5.5
GI High Yield C2	US	BD	LUX	01/14	USD	14.09	2.7	58.1	5.5
GI High Yield I	US	BD	LUX	01/14	USD	4.43	2.3	60.1	6.8
GI Thematic Res. A	OT	OT	LUX	01/14	USD	15.18	3.1	81.6	1.8
GI Thematic Res. B	OT	OT	LUX	01/14	USD	13.27	2.9	79.6	0.7
GI Thematic Res. I	OT	OT	LUX	01/14	USD	16.93	3.0	83.0	2.5
GI Value A	GL	EQ	LUX	01/14	USD	11.51	3.3	46.6	-17.6
GI Value B	GL	EQ	LUX	01/14	USD	10.57	3.2	45.2	-18.4
GI Value C	GL	EQ	LUX	01/14	USD	11.18	3.2	46.0	-18.0
GI Value I	GL	EQ	LUX	01/14	USD	12.24	3.3	47.6	-17.0
Greater China A	AS	EQ	LUX	01/14	USD	40.34	0.8	70.2	-14.2
Greater China B	AS	EQ	LUX	01/14	USD	35.68	0.7	68.5	-15.1
Greater China C	AS	EQ	LUX	01/14	USD	39.82	0.8	69.4	-14.6
India Growth A	OT	OT	LUX	01/14	USD	132.04	4.0	NS	NS
India Growth AX	OT	OT	LUX	01/14	USD	115.43	4.0	98.7	-9.1
India Growth B	OT	OT	LUX	01/14	USD	138.27	4.0	NS	NS
India Growth BX	OT	OT	LUX	01/14	USD	98.63	4.0	96.7	-10.0
India Growth I	EA	EQ	LUX	01/14	USD	119.64	4.1	99.6	-8.7
Int'l Health Care A	OT	EQ	LUX	01/14	USD	142.20	3.4	24.8	-8.0
Int'l Health Care B	OT	EQ	LUX	01/14	USD	119.90	3.4	23.6	-8.9
Int'l Health Care C	OT	EQ	LUX	01/14	USD	136.26	3.4	24.2	-8.4
Int'l Health Care I	OT	EQ	LUX	01/14	USD	155.41	3.5	25.8	-7.3
Int'l Technology A	OT	EQ	LUX	01/14	USD	111.82	1.3	60.8	-7.5
Int'l Technology B	OT	EQ	LUX	01/14	USD	96.86	1.3	59.2	-8.5
Int'l Technology C	OT	EQ	LUX	01/14	USD	108.05	1.3	60.1	-7.9
Int'l Technology I	OT	EQ	LUX	01/14	USD	125.42	1.4	62.1	-6.8
Japan Eq Blend A	JP	EQ	LUX	01/14	JPY	6367.00	5.7	30.6	-17.9
Japan Eq Blend B	JP	EQ	LUX	01/14	JPY	6141.00	5.6	29.3	-18.7
Japan Eq Blend C	JP	EQ	LUX	01/14	JPY	6264.00	5.7	30.0	-18.3
Japan Growth A	JP	EQ	LUX	01/14	JPY	6100.00	3.8	21.8	-19.2
Japan Growth B	JP	EQ	LUX	01/14	JPY	5884.00	3.8	20.6	-20.0
Japan Growth C	JP	EQ	LUX	01/14	JPY	6002.00	3.8	21.3	-19.6
Japan Strat Value A	JP	EQ	LUX	01/14	JPY	6559.00	7.2	38.8	-17.2
Japan Strat Value B	JP	EQ	LUX	01/14	JPY	6333.00	7.1	37.4	-18.1
Japan Strat Value C	JP	EQ	LUX	01/14	JPY	6449.00	7.2	38.2	-17.6
Real Estate Sec. A	OT	EQ	LUX	01/14	USD	14.45	0.7	55.4	-12.0
Real Estate Sec. B	OT	EQ	LUX	01/14	USD	13.21	0.7	54.0	-12.9
Real Estate Sec. I	OT	EQ	LUX	01/14	USD	15.54	0.8	56.8	-11.3
Short Mat Dollar A	US	BD	LUX	01/14	USD	7.33	0.8	12.0	-5.3
Short Mat Dollar A2	US	BD	LUX	01/14	USD	9.89	1.0	12.0	-5.4
Short Mat Dollar AT	US	BD	LUX	01/14	USD	7.33	1.1	12.2	-5.3
Short Mat Dollar B	US	BD	LUX	01/14	USD	7.33	0.8	11.5	-5.7
Short Mat Dollar B2	US	BD	LUX	01/14	USD	9.84	1.0	11.6	-5.8
Short Mat Dollar BT	OT	OT	LUX	01/14	USD	7.34	1.0	11.0	-6.0
Short Mat Dollar C	US	BD	LUX	01/14	USD	7.33	0.8	11.5	-5.7
Short Mat Dollar C2	US	BD	LUX	01/14	USD	13.92	1.1	11.5	-5.7
Short Mat Dollar I	US	BD	LUX	01/14	USD	7.33	0.8	12.6	-4.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	01/13	USD	100.00	0.0	21.5	20.8
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	10/30	USD	95.07	13.2	5.7	-13.4
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	10/30	SEK	607.79	11.4	9.7	-18.3
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7
■ SUPERFUND ASSET MANAGEMENT GMBH									
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**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	01/12	USD	45.19	7.7	-43.5	-2.7
Superfund GCT USD*	GL	EQ	LUX	01/12	USD	2419.00	9.0	-31.7	-0.6
Superfund Green Gold A (SPC)	OT	OT	CYM	01/12	USD	1049.52	7.8	-6.3	6.6
Superfund Green Gold B (SPC)	OT	OT	CYM	01/12	USD	1038.90	10.3	-19.2	3.3
Superfund Q-AG*	OT	OT	AUT	01/12	EUR	6990.00	5.5	NS	3.8
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	12/31	EUR	196.82	-4.4	-4.4	7.7
Winton Futures GBP Cls D	OT	OT	VGB	12/31	GBP	212.85	-4.1	-4.1	8.7
Winton Futures JPY Cls E	OT	OT	VGB	12/31	JPY	13885.82	-5.9	-5.9	5.0
Winton Futures USD Cls B	OT	OT	VGB	12/31	USD	699.39	-4.6	-4.6	7.4

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Crude-oil prices decline as U.S. data disappoint

By Edward Welsch

OTTAWA—Crude-oil prices fell 1.8% Friday, weakening for the fifth day in a row as the latest collection of U.S. economic data failed to provide a convincing picture that economic recovery would come fast enough to ramp up energy demand.

COMMODITY MARKETS

Government reports in the past week unexpectedly showed that December retail sales declined and jobless claims rose, while the U.S. Labor Department reported a tame inflation rate Friday, suggesting the pace of economic recovery has slowed. Energy stockpiles also rose, in defiance of expectations that a wave of frigid weather hitting many parts of the world in the past few weeks would cause supplies to dwindle as customers burned more fuel to stay warm.

"Right now we have an interesting confluence of disappointing economic factors and supply statistics, which this week were almost shockingly bad," said Peter Beutel, president of the energy-trading advisory firm Cameron Hanover Inc. "The data seems to be fitting into a picture that says the economic recovery is really failing to build any traction."

Light, sweet crude for February delivery settled $1.39 lower at $78 a barrel on the New York Mercantile Exchange. Brent crude on the ICE futures exchange fell $1.46 to $77.11.

Associated Press

An oil pump works in the Persian Gulf desert field of Sakhir, Bahrain, in November.

Oil had reached an intraday high just short of $84 a barrel Monday, the highest it has been in more than a year, buoyed by the combination of cold weather, reports of rising demand from China and a weakening U.S. dollar.

A weaker dollar stokes demand for oil by making barrels priced in dollars cheaper on the international market.

But many of those supports were removed later in the week. Forecasts called for warmer temperatures later in January, China signaled it may try to tamp down the pace of its economic growth with higher bank-lending requirements and the dollar strengthened against other currencies Friday.

Default wave in 2009 drives exit-loan boom

By Kate Haywood

A record number of corporate defaults last year is driving sales of new leveraged loans in 2010, as companies look to this risky debt to support their emergence from bankruptcy.

More than $2.5 billion of exit loans already are being prepared this year, accounting for 42% of new institutional leveraged loans announced since January, according to Standard & Poor's Leveraged Commentary & Data unit. That is nearly twice the $1.5 billion of exit loans priced for all of last year, when only 5% of new leveraged-loan sales were used in exit financing.

U.S. CREDIT MARKETS

S&P said 189 companies defaulted on debt last year, which drove a wave of leveraged loans for the debtor-in-possession, or DIP, financing that companies used to operate while reorganizing under bankruptcy-court protection.

Part of the reason for the anticipated increase in exit loans is that the bankruptcy process is becoming shorter as firms that are restructuring have aimed to get creditors' support before filing for Chapter 11 or to skip lender scrutiny altogether.

Last year, the number of prearranged bankruptcies, in which many creditors approve a plan ahead of a filing, tripled to 30 among publicly listed firms compared with 2008, according to BankruptcyData.com.

Commodity plays poised to beat dollar and euro

By Bradley Davis

Boosted by growth in China and other emerging markets, commodity-backed currencies look set to outshine the dollar and euro in the near term.

CURRENCY MARKETS

The challenges evident in the U.S. labor market and real-estate sector have sapped December's optimism over a rapid U.S. economic recovery. The rebound isn't taking hold fast enough to convince investors that the Federal Reserve will raise interest rates soon, leaving the dollar to languish under ultralow rates, making it unappealing as an investment currency. The euro is weighed down by concerns about the stability of the financial systems of euro-zone members.

The currencies of the commodity-exporting economies of Australia, Canada and New Zealand stand to benefit the most from improving global conditions. These currencies are often called the dollar bloc as they tend to advance in unison.

"The kind of countries we're investing in tend to play into a global recovery story," and emerging-market and commodity-backed countries are most attractive, said Geoffrey Pazzanese, co-manager of Federated Investors Inc.'s $710 million Intercontinental Fund.

Late Friday in New York, the euro was at $1.4379, down from $1.4499 late Thursday. The dollar was at 90.83 yen from 91.10 yen, while the euro was at 130.54 yen from 132.09 yen. The U.K. pound fell to $1.6259 from $1.6324, and the dollar firmed to 1.0267 Swiss francs from 1.0188 francs.

The euro this week should trade between $1.4370 and $1.4620, analysts said. The dollar should trade between 90.60 yen and 93.80 yen.

Despite a hiccup as fiscal concerns within the euro zone and a possible increased tightening in Chinese fiscal policy swept the market on Friday, the dollar-bloc currencies will outperform their competitors in the near term, analysts said.

As the global recovery picked up steam at the end of 2009, Investec Asset Management in London sold some investments in dollar-bloc currencies to take profits on positions that had run up big gains, said Thanos Papasavvas, head of currency management for the firm.

"We've put some of that risk back on," buying into the commodity-backed currencies in 2010, "because the overall environment is quite positive," said Mr. Papasavvas.

The Australian dollar hit a nearly two-month high against the U.S. dollar Thursday, while the Canadian dollar soared to a three-month high. Both slipped a bit Friday, but are expected to rebound.

The Australian dollar this week should trade around $0.9093 to $0.9330, while the U.S. dollar should trade around C$1.0200 to $C1.0420, analysts said. Late Friday in New York, the Australian dollar was at $0.9236, while the U.S. dollar was at C$1.0295.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	01/15	EUR	52.40	0.4	45.0	-9.2
Industria AE	EU	EQ	DEU	01/15	EUR	73.68	3.0	38.6	-13.1
InternRent AE	EU	BD	DEU	01/15	EUR	35.72	1.4	-0.9	9.3

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CAM-GTF Limited	AS	EQ	MUS	01/08	USD	290385.55	5.8	115.3	5.2

GAM

■ GAM FUND MANAGEMENT LIMITED

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	01/08	USD	1265.58	1.8	24.9	-7.6
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	01/11	JPY	16208.20	4.3	67.7	4.5
GAM Asia Equity Hedge US	OT	OT	VGB	01/11	USD	301.38	3.8	67.4	5.6
GAM Asia Equity USD	OT	OT	VGB	01/14	USD	664.77	1.7	74.5	-10.8
GAM Asia-Pacific Eq USD	OT	OT	VGB	01/12	USD	1357.33	5.8	25.3	-12.1
GAM Com Glb Bal EUR Op	US	BA	VGB	01/11	EUR	95.98	2.1	17.6	-7.3
GAM Com Glb Bal USD Op	US	BA	VGB	01/11	USD	130.50	2.1	17.6	-7.3
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	01/11	EUR	99.19	3.0	25.8	-13.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	01/11	USD	131.35	3.0	25.8	-13.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	01/11	EUR	86.93	2.4	18.4	-10.9
GAM Comp Glb Gr USD Op	US	BA	VGB	01/11	USD	130.10	2.4	18.4	-10.9
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	01/08	USD	255.42	2.7	36.5	-8.7
GAM Cross Trading Inc	OT	OT	VGB	01/11	USD	468.70	0.6	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	01/11	CHF	95.00	0.7	4.2	-6.4
GAM Diversity EUR Op	OT	OT	VGB	01/11	EUR	653.49	0.8	5.0	-4.8
GAM Diversity USD 2.5XL	OT	OT	VGB	01/11	USD	79.73	1.8	9.5	NS
GAM Diversity USD Op	OT	OT	VGB	01/11	USD	686.19	0.8	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	01/11	CHF	100.26	0.8	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	01/11	EUR	139.86	0.8	4.6	-5.0
GAM Dvrsty II USD Op	OT	OT	VGB	01/11	USD	211.83	0.8	NS	-5.3
GAM DvrstyIII EUR Op	OT	OT	VGB	01/11	EUR	116.48	0.8	4.6	-5.1
GAM DvrstyIII USD Op	OT	OT	VGB	01/11	USD	122.95	0.8	4.7	-5.3
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	01/11	EUR	221.98	1.4	11.1	-3.5
GAM Euro Eq Hdg USD Op	OT	OT	VGB	01/11	USD	206.22	1.4	10.6	-1.9
GAM European Equity USD	OT	OT	VGB	01/13	USD	301.30	2.8	35.7	-11.1
GAM GAMCO	OT	EQ	VGB	01/12	USD	826.64	2.0	34.1	-7.8
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	01/11	EUR	98.89	1.1	13.4	-16.4
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	01/11	USD	104.26	1.0	13.9	-15.7
GAM Gbl Divers USD Inc.	GL	EQ	VGB	01/11	USD	260.38	4.2	25.7	-5.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	01/11	USD	298.02	3.9	95.1	23.7
GAM Intrst Trend II	GL	BD	VGB	12/31	USD	94.13	42.5	42.5	-9.1
GAM Intrst Trend Inc	OT	OT	VGB	01/11	USD	264.08	5.0	59.6	-4.9
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	01/11	EUR	122.40	4.9	12.5	-3.3
GAM Japan Eq Hdg USD Op	OT	OT	VGB	01/11	USD	128.06	4.9	NS	-15.6
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	01/11	JPY	8822.67	5.0	12.0	-14.7
GAM Japan USD	JP	EQ	VGB	01/14	USD	1200.07	8.8	20.3	-11.3
GAM Japan YEN	JP	EQ	VGB	01/14	JPY	9522.16	7.9	25.2	-17.4
GAM Money Mkt EuroOp	EU	MM	VGB	01/13	EUR	51.14	0.0	0.2	1.6
GAM Money Mkt USD	US	MM	VGB	01/13	USD	99.98	0.1	0.0	0.8
GAM Multi-Arb EUR Op	OT	OT	VGB	01/11	EUR	112.27	1.0	0.2	-8.9
GAM Multi-Arb USD Op	OT	OT	VGB	01/11	USD	117.23	1.0	0.3	-9.2
GAM Multi-China EUR Op	OT	OT	VGB	01/11	EUR	170.26	1.4	14.2	NS
GAM Multi-China USD Op	OT	OT	VGB	01/11	USD	179.02	1.4	14.8	-9.0
GAM Multi-Emer Mkts GBP	OT	OT	VGB	01/11	GBP	134.06	1.9	26.4	-1.3
GAM Multi-Emer Mkts USD	OT	OT	VGB	01/11	USD	663.25	1.9	26.4	-1.6
GAM Multi-Eur EUR Op	OT	OT	VGB	01/11	EUR	271.61	1.0	7.8	-8.6
GAM Multi-Eur II EUR Op	OT	OT	VGB	01/11	EUR	139.75	1.0	7.8	-8.6
GAM Multi-Eur II USD Op	OT	OT	VGB	01/11	USD	114.21	1.0	7.4	-9.6
GAM Multi-Eur USD Op	OT	OT	VGB	01/11	USD	472.47	1.0	7.5	-9.5
GAM Multi-Nth Am EUR Special	OT	OT	VGB	01/11	EUR	134.58	0.4	NS	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	01/11	USD	219.04	0.4	11.7	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	01/11	EUR	145.27	1.3	6.6	-3.7
GAM Multi-Pac USD Op	OT	OT	VGB	01/11	USD	167.58	1.3	6.7	-4.1
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	01/08	USD	2723.40	3.2	72.0	10.5
GAM Sing/Malaysia	AS	EQ	VGB	01/14	USD	2615.34	3.6	65.2	-9.1
GAM Sterling Spe Bd Inc	OT	OT	VGB	01/04	GBP	230.99	0.4	41.6	2.4
GAM Trading EUR Inc	OT	OT	VGB	01/11	EUR	327.16	0.6	5.6	6.6
GAM Trading USD Inc	OT	OT	VGB	01/11	USD	978.98	0.6	5.9	5.9
GAM Trdg II IncEUR Op	OT	OT	VGB	01/11	EUR	139.92	0.6	5.5	6.5
GAM Trdg II IncUSD Op	OT	OT	VGB	01/11	USD	317.88	0.6	5.9	6.0
GAM Trdg IV IncEUR Op	OT	OT	VGB	01/11	EUR	147.67	0.6	5.4	6.2
GAM Trdg IV IncUSD Op	OT	OT	VGB	01/11	USD	155.46	0.6	5.6	5.9
GAM Trdg V IncEUR Op	OT	OT	VGB	01/11	EUR	125.24	0.6	5.4	6.1
GAM Trdg V IncUSD Op	OT	OT	VGB	01/11	USD	130.39	0.6	5.5	5.9
GAM TrdgIII IncEUR Op	OT	OT	VGB	01/11	EUR	158.02	0.6	5.5	6.3
GAM TrdgIII IncUSD Op	OT	OT	VGB	01/11	USD	163.50	0.6	5.6	5.9
GAM USDSpecBondInc	US	BD	VGB	01/11	USD	550.65	3.9	75.8	8.1
GAM Worldwide	GL	EQ	VGB	01/13	USD	2280.38	2.5	34.3	-7.7
GAMut Investments	OT	OT	VGB	01/06	USD	7647.01	0.9	5.3	8.0

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	01/13	CHF	10.95	-0.8	55.2	-14.9
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	01/13	EUR	11.86	-0.4	57.5	-9.8
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	01/13	GBP	1.57	0.2	54.7	-1.9
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	01/13	USD	13.52	0.8	73.8	-10.4
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	01/14	EUR	106.42	5.2	24.0	-9.6
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	01/14	EUR	102.99	5.2	24.0	-9.6
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	01/13	EUR	11.17	1.6	26.6	-8.1
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	01/13	EUR	185.88	1.5	25.3	-10.5
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	01/13	EUR	169.85	1.5	25.3	-10.5
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	01/13	USD	16.44	2.8	38.0	-11.0
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	01/13	USD	14.91	2.8	37.9	-11.0
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	01/13	USD	5.51	0.3	21.4	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	01/14	EUR	95.22	8.2	14.5	-7.6
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	01/14	EUR	95.22	8.2	14.5	-7.6
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	01/14	JPY	992.76	7.8	24.6	-17.3
GAMStar-JpnEq USD Acc	JP	EQ	IRL	01/14	USD	12.09	8.8	19.0	-11.5
GAMStar-World EqUSD Acc	GL	EQ	IRL	01/13	USD	2293.18	2.5	35.3	-7.3

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■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110

Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	01/15	USD	15.55	1.6	31.2	-9.7
American Growth AA	US	EQ	LUX	01/15	USD	0.90	1.6	30.8	-5.5
Asian Equity	AS	EQ	LUX	01/15	USD	2.50	1.6	73.4	-7.7
Asian Equity AA	AS	EQ	LUX	01/15	USD	0.80	1.6	72.7	-8.0
Asian Sm Cap Equity AA	AS	EQ	LUX	01/15	USD	1.22	4.7	102.5	-3.6
China Value A	AS	EQ	LUX	01/15	USD	7.17	0.5	72.2	-5.3
China Value AA	AS	EQ	LUX	01/15	USD	2.25	0.5	71.7	-5.5
Dragon Growth	AS	EQ	LUX	01/15	USD	1.66	0.9	72.5	-8.2
Dragon Growth AA	OT	OT	LUX	01/15	HKD	8.05	0.9	72.2	-9.3
Emg Eastrn Europe A	EU	EQ	LUX	01/15	USD	4.92	7.2	115.1	-15.6
Emg Eastrn Europe AA	EU	EQ	LUX	01/15	USD	2.12	7.2	114.8	-15.7
European Growth	EU	EQ	LUX	01/15	USD	9.46	3.5	56.9	-15.0
European Growth AA	EU	EQ	LUX	01/15	USD	0.68	3.5	56.5	-15.2
Global Contrarain AA	GL	EQ	LUX	01/15	USD	0.93	5.4	92.1	NS
Global Property AA	OT	EQ	LUX	01/15	USD	0.68	0.9	56.4	-10.5
Global Resources AA	OT	EQ	LUX	01/15	USD	1.14	4.9	64.9	-10.5
Healthcare AA	OT	EQ	LUX	01/15	USD	0.96	1.7	19.1	NS
India Equity AA	EA	EQ	LUX	01/15	USD	1.13	3.5	90.2	-18.8
International Growth	GL	EQ	LUX	01/15	USD	3.16	3.4	32.2	-12.6
International Growth AA	GL	EQ	LUX	01/15	USD	0.74	3.4	31.8	-12.8
Japanese Growth	JP	EQ	LUX	01/15	USD	2.97	6.1	16.9	-9.3
Japanese Growth AA	JP	EQ	LUX	01/15	USD	0.78	6.1	16.6	-9.5
Latin America Equity AA	GL	EQ	LUX	01/15	USD	1.31	2.2	104.8	-2.0
Manulife GF Strategic Income Fund AA	OT	OT	NA	01/15	USD	1.02	1.5	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	01/15	USD	1.18	2.7	NS	NS
Russia Equity AA	EE	EQ	LUX	01/15	USD	0.70	13.2	151.7	-20.2
Taiwan Equity AA	AS	EQ	LUX	01/15	USD	1.10	1.1	92.8	5.2
Turkey Equity AA	EE	EQ	LUX	01/15	USD	0.81	7.3	136.8	-8.6
U.S. Bond AA	US	BD	LUX	01/15	USD	1.12	1.3	17.4	7.3
U.S. Sm Cap Equity AA	US	EQ	LUX	01/15	USD	0.85	3.7	71.0	-7.9
U.S. Special Opportunities	OT	OT	LUX	01/15	USD	0.86	5.7	80.3	5.2
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	01/15	USD	1.15	0.3	7.7	2.2

■ PT CIPTADANA ASSET MANAGEMENT

Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	01/13	USD	136.95	7.5	110.4	-1.1

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED

www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	01/14	USD	8.21	2.4	95.9	-3.7

SOCIETE GENERALE
Asset Management

■ SG ASSET MANAGEMENT (HK) LTD

Hotline in Hong Kong 2166 5099

A company of Amundi Group

www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	01/13	EUR	21.27	3.3	51.0	1.6
Bonds EURO A	OT	OT	LUX	01/13	EUR	41.21	0.4	4.6	5.0
Bonds EUROPE A	OT	OT	LUX	01/14	EUR	39.24	0.3	3.4	4.1
Bonds US OppsCoreplus A	OT	OT	LUX	01/13	USD	37.12	0.6	15.2	8.0
Bonds World A	OT	OT	LUX	01/14	USD	42.50	1.2	8.4	5.2
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	01/14	USD	10.64	2.1	73.4	-10.3
Eq. China A	AS	EQ	LUX	01/14	USD	23.77	-1.5	70.6	-13.7
Eq. Concentrated Euroland A	OT	OT	LUX	01/13	EUR	93.38	0.5	22.5	-17.6
Eq. ConcentratedEuropeA	EU	EQ	LUX	01/13	EUR	27.41	1.5	32.9	-15.3
Eq. Emerging Europe A	OT	OT	LUX	01/13	EUR	24.74	5.1	79.6	-23.7
Eq. Euroland A	EU	EQ	LUX	01/13	EUR	10.94	1.0	20.4	-18.4
Eq. Euroland Small Cap A	OT	OT	LUX	01/13	EUR	146.93	4.1	47.9	-5.9
Eq. EurolandCyclclsA	EU	EQ	LUX	01/13	EUR	18.05	1.4	32.1	-12.2
Eq. EurolandFinancialA	OT	EQ	LUX	01/13	EUR	11.56	2.1	37.5	-19.4
Eq. Glbl Emg Cty A	GL	EQ	LUX	01/13	USD	9.79	1.1	71.3	-14.2
Eq. Global A	GL	EQ	LUX	01/14	USD	28.74	3.2	44.2	-11.5
Eq. Global Energy A	OT	EQ	LUX	01/13	USD	18.85	3.9	32.2	-11.3
Eq. Global Resources A	OT	OT	LUX	01/13	USD	114.17	4.5	68.5	-8.9
Eq. Gold Mines A	OT	EQ	LUX	01/13	USD	32.05	5.8	72.3	-2.6
Eq. India A	OT	OT	LUX	01/14	USD	135.46	3.6	90.1	-18.8
Eq. Japan CoreAlpha A	OT	OT	LUX	01/14	JPY	7849.81	8.2	33.8	-7.4
Eq. Latin America A	OT	OT	LUX	01/13	USD	119.43	2.7	89.2	-8.6
Eq. US Lg Cap Gr A	US	EQ	LUX	01/13	USD	15.69	2.8	45.7	-9.5
Eq. US Rel Val A	US	EQ	LUX	01/13	USD	21.36	3.7	41.3	-10.9
Eq. US Sm Cap Val A	US	EQ	LUX	01/14	USD	16.54	3.7	39.4	-15.8
Money Market EURO A	EU	MM	LUX	01/13	EUR	27.40	0.0	0.9	2.6
Money Market USD A	US	MM	LUX	01/13	USD	15.83	0.0	0.5	1.6

The National Investor

■ THE NATIONAL INVESTOR

TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	01/07	USD	979.79	1.9	4.2	-27.0
TNI MENA Special Sits Fund	OT	OT	BMU	12/31	USD	1079.31	11.2	11.2	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	01/07	AED	5.51	3.3	20.1	-31.8

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Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487

*formerly known as China ABH Shares Fund

Intel-Chin MainInd Foc	AS	EQ	CYM	12/31	USD	29.84	86.0	86.0	1.4
Intel-China Converg*	AS	EQ	CYM	12/31	USD	114.03	87.1	87.1	1.3
VP Classic - A	AS	EQ	CYM	01/14	USD	191.00	2.4	93.7	-1.1
VP CLassic - B	AS	EQ	CYM	01/14	USD	89.00	2.4	92.7	-1.6
VP High Dividend Stk	AS	EQ	CYM	01/11	USD	47.10	3.7	81.6	1.9

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■ YUKI INTERNATIONAL LIMITED

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■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	01/15	JPY	9869.00	3.6	22.7	-20.1
YMR-N Small Cap Fund	OT	OT	IRL	01/15	JPY	7074.00	0.8	18.5	-20.2

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	01/15	JPY	6444.00	4.8	18.7	-20.7
Yuki 77 Growth	JP	EQ	IRL	01/15	JPY	5861.00	3.9	11.8	-26.0

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	01/15	JPY	7185.00	5.2	23.7	-17.2
Yuki Chugoku JpnLowP	JP	EQ	IRL	01/15	JPY	8001.00	6.1	6.1	-16.2

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	01/15	JPY	4937.00	5.6	18.8	-20.6
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	01/15	JPY	5563.00	6.0	15.5	-14.9
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	01/15	JPY	5145.00	0.8	18.4	-16.6

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	01/15	JPY	4619.00	4.5	20.0	-24.8
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	01/15	JPY	4886.00	4.7	19.5	-24.4
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	01/15	JPY	7287.00	4.5	30.9	-19.0
Yuki Mizuho Jpn Gen	OT	OT	IRL	01/15	JPY	9037.00	4.9	25.0	-18.2
Yuki Mizuho Jpn Gro	OT	OT	IRL	01/15	JPY	6637.00	4.4	17.8	-21.7
Yuki Mizuho Jpn Inc	OT	OT	IRL	01/15	JPY	7994.00	4.7	8.3	-18.3
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	01/15	JPY	5498.00	6.0	22.1	-18.9
Yuki Mizuho Jpn LowP	OT	OT	IRL	01/15	JPY	12090.00	4.6	18.4	-12.9
Yuki Mizuho Jpn PGth	OT	OT	IRL	01/15	JPY	8222.00	3.3	19.1	-24.5
Yuki Mizuho Jpn SmCp	OT	OT	IRL	01/15	JPY	7150.00	0.2	24.8	-18.3
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	01/15	JPY	5958.00	5.5	24.6	-16.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	01/15	JPY	2717.00	-0.3	18.4	-27.5

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	01/15	JPY	5705.00	5.2	24.2	-17.1

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Japan	0.97%	7.3%	20.7%
Russia	-0.95	3.8	126.5
Sweden	-1.06	2.4	62.1
Netherlands	-0.67	1.6	41.1
Switzerland	-0.91	1.6	31.6
Turkey	-1.58	1.3	104.0
U.K.	-0.78	0.9	31.7
Italy	-1.34	0.8	28.2
Australia	0.09	0.5	37.0
France	-1.52	0.3	32.1
Spain	-1.21	0.3	24.6
South Korea	0.61	unch.	51.5
Singapore	0.06	-0.2%	69.3
South Africa	-0.77	-0.3	25.7
Germany	-1.87	-1.3	28.4
Hong Kong	-0.37	-1.8	57.2
Canada	-1.28	-1.9	27.2
Brazil	-1.63	-2.7	101.0
China 88	0.23	-4.4	62.1

Dow Jones Regional Sector Titans

Auto Parts	-0.17%	5.9%	67.9%
Asian 50	0.58	5.9	45.7
Ind Gds Svcs	-0.82	5.3	45.0
EU Enlarged†	-0.78	5.0	48.2
Nordic 30	-0.83	3.0	42.7
Arab 50	-0.24	2.2	18.2
Global 50	-1.13	1.3	31.6
Tiger 50*	0.11	0.5	71.5
Stoxx 50	-1.17	0.2	29.1
Euro Stoxx 50	-1.65	-0.8%	28.9

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Friday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Sumitomo Mitsui Finl	Japan	Banks	$33.9	3,050	5.24%	-18.9%	-75.6%
Mizuho Financial Grp	Japan	Banks	29.9	193.00	3.76	-22.2	-78.3
Mitsubishi UFJ Finl	Japan	Banks	77.4	506.00	3.48	-3.3	-66.5
Seven I Hldgs	Japan	Broadline Retailers	20.6	2,075	3.23	-20.5	-45.3
KDDI	Japan	Mobile Telecommunications	26.7	549,000	3.00	1.7	-32.3
JFE Hldgs	Japan	Iron Steel	$20.1	3,450	-3.36%	44.4	-42.5
Shinhan Financial Grp	South Korea	Banks	18.2	43,000	-2.27	47.6	-8.8
QBE Ins Grp	Australia	Reinsurance	22.8	24.04	-2.16	-4.8	-19.4
Woodside Petroleum	Australia	Exploration Production	31.6	47.65	-1.59	42.1	33.0
Nippon Steel	Japan	Iron Steel	26.0	376.00	-1.57	31.9	-42.2

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Mitsui Japan (Industrial Suppliers)	29.9	1,500	2.53%	66.1%	-15.0%
Commonwlth Bk of Aus Australia (Banks)	81.5	58.10	2.31	112.4	16.7
NTT DoCoMo Japan (Mobile Telecommunications)	64.3	139,800	2.12	-11.5	-25.6
Japan Tobacco Japan (Tobacco)	35.7	338,000	2.11	21.9	-41.4
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	40.9	152.50	2.01	182.0	-2.0
Shin-Etsu Chml Japan (Specialty Chemicals)	25.6	5,470	1.86	26.0	-30.9
Samsung Elec South Korea (Semiconductors)	110.5	842,000	1.81	79.5	43.9
Toyota Motor Japan (Automobiles)	145.6	4,200	1.57	39.5	-47.4
East Japan Railway Japan (Travel Tourism)	26.7	6,140	1.49	-7.3	-28.2
Honda Motor Japan (Automobiles)	68.4	3,400	1.49	69.2	-29.3
Mitsubishi Japan (Industrial Suppliers)	45.6	2,524	1.20	100.8	13.4
Nippon T&T Japan (Fixed Line Telecommunications)	58.7	4,030	1.13	-10.4	-34.4
National Australia Bk Australia (Banks)	52.9	27.30	0.92	41.1	-32.5
China Constr Bk Hong Kong (Banks)	177.8	6.14	0.49	57.0	28.5
Westpac Bking Australia (Banks)	68.6	25.50	0.47	58.3	5.2
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	51.7	63.50	0.47	53.0	-7.7
Westfield Grp Australia (Retail REITs)	26.9	12.60	0.32	3.3	-38.9
Panasonic Japan (Consumer Electronics)	35.4	1,553	0.26	38.0	-35.8
Aus NZ Bk Australia (Banks)	51.9	22.43	0.13	56.9	-20.7
Canon Japan (Electronic Office Equipment)	52.4	3,855	...	36.7	-40.1

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Takeda Pharm Japan (Pharmaceuticals)	34.5	3,970	...	-7.9%	-49.8%
POSCO South Korea (Iron Steel)	40.0	592,000	...	65.4	95.1
Tokio Marine Hldgs Japan (Property Casualty Insurance)	23.4	2,695	...	17.9	-40.9
Sony Japan (Consumer Electronics)	33.7	3,070	-0.16%	48.0	-45.8
KB Fncl Group South Korea (Banks)	19.6	57,300	-0.17	66.7	-19.3
Nissan Motor Japan (Automobiles)	35.9	801.00	-0.25	145.7	-45.7
China Life Ins Hong Kong (Life Insurance)	35.3	36.80	-0.27	65.8	50.5
BHP Billiton Australia (General Mining)	135.3	43.65	-0.30	46.1	76.0
Indl Comm Bk China Hong Kong (Banks)	62.3	5.82	-0.34	69.2	26.5
Kansai Elec Power Japan (Conventional Electricity)	22.4	2,128	-0.51	-11.7	-32.4
Nintendo Japan (Toys)	36.1	25,610	-0.51	-21.2	-18.4
Tokyo Elec Power Japan (Conventional Electricity)	36.7	2,470	-0.56	-10.8	-35.3
China Mobile (HK) Hong Kong (Mobile Telecommunications)	202.1	78.90	-0.63	14.0	11.4
RioZim Ltd Australia (General Mining)	44.1	78.62	-0.67	159.8	39.0
Woolworths Australia (Food Retailers Wholesalers)	31.8	27.94	-0.68	6.2	22.2
Cheung Kong Hong Kong (Real Estate Holding Development)	29.1	97.60	-0.71	38.8	-7.4
CNOOC Hong Kong (Exploration Production)	70.7	12.28	-1.13	84.9	83.3
PetroChina Hong Kong (Integrated Oil Gas)	25.9	9.52	-1.14	55.6	-0.5
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.5	57.25	-1.38	50.7	-28.8
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	36.3	109.90	-1.52	71.7	9.9

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.19%	0.51%	1.4%	0.1%	7.1%
Event Driven	0.08	1.68	3.1	1.0	15.1
Equity Long/Short	0.62	3.36	2.2	2.3	6.3

*Estimates as of 01/14/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.71	101.34%	0.01%	1.00	0.65	0.83
Eur. High Volatility: 12/1	0.99	100.05	0.01	1.76	0.92	1.33
Europe Crossover: 12/1	4.08	103.74	0.05	6.15	3.79	5.06
Asia ex-Japan IG: 12/1	0.90	100.44	0.01	1.29	0.87	1.06
Japan: 12/1	1.22	98.96	0.01	1.68	0.99	1.32

Note: Data as of January 14

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Kajima	355	**-45**	-44	15
Mazda Mtr	191	**-13**	-9	-32
Nippon Sheet Glass	184	**-11**	-22	-25
Mitsubishi Heavy Inds	65	**-6**	-19	-23
Aeon	157	**-3**	-5	-3
Toshiba	137	**-3**	-12	-23
Takashimaya	90	**-3**	-5	-10
Sumitomo	75	**-2**	-11	-23
Kobe Stl	111	**-2**	-6	-11
Suzuki Mtr	65	**-2**	-2	-8

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Socialist Rep Vietnam	234	**2**	4	2
Korea Dev Bk	89	**2**	3	-3
Orix	227	**3**	-15	-95
Kookmin Bk	92	**3**	1	-5
Sanyo Shinpan Fin	553	**3**	-148	-386
Daiwa Secs Gp	124	**4**	2	-14
Rep Philippines	165	**4**	1	...
Nomura Hldgs	201	**9**	3	-7
Obayashi	192	**10**	-6	-24
Nishimatsu Constr	546	**12**	27	-43

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, European

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

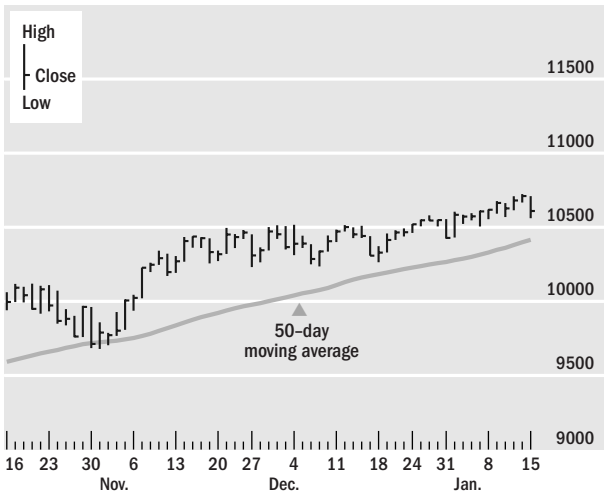
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$1,654	8.5%	48%	23%	27%	2%
Credit Suisse	1,251	6.4	37	37	24	2
Deutsche Bank	1,149	5.9	29	41	27	3
Goldman Sachs	1,062	5.4	38	16	45	1
UBS	1,039	5.3	38	21	39	1
BNP Paribas	934	4.8	28	46	17	8
RBS	910	4.7	39	46	10	6
Citi	861	4.4	32	30	34	4
Morgan Stanley	843	4.3	49	20	30	2

Source: Dealogic

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10609.65** ▼ 100.90, or 0.94%
YEAR TO DATE: ▲ **181.60, or 1.7%**
OVER 52 WEEKS ▲ **2,328.43, or 28.1%**

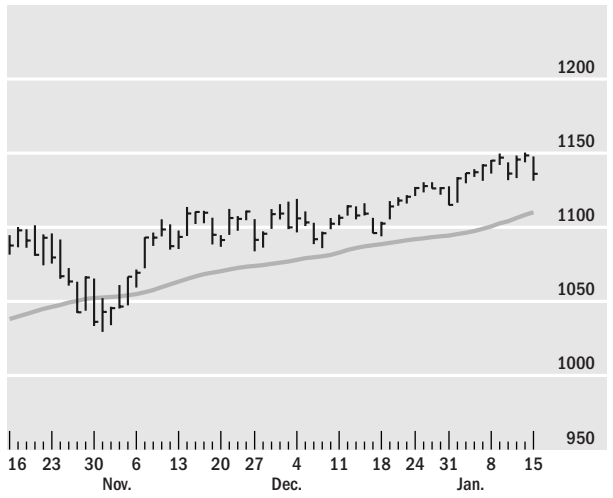


Nasdaq Composite Index P/E: 47*

LAST: **2287.99** ▼ 28.75, or 1.24%
YEAR TO DATE: ▲ **18.84, or 0.8%**
OVER 52 WEEKS ▲ **758.66, or 49.6%**

S&P 500 Index P/E: 71

LAST: **1136.03** ▼ 12.43, or 1.08%
YEAR TO DATE: ▲ **20.93, or 1.9%**
OVER 52 WEEKS ▲ **285.91, or 33.6%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**60.10**	$25.79	-0.40	**-1.53%**
Alcoa	AA	**32.00**	15.63	-0.18	**-1.14**
AmExpress	AXP	**12.70**	42.39	-0.29	**-0.68**
BankAm	BAC	**180.50**	16.26	-0.56	**-3.33**
Boeing	BA	**4.70**	60.82	-0.74	**-1.20**
Caterpillar	CAT	**8.90**	60.12	-1.44	**-2.34**
Chevron	CVX	**11.20**	79.23	-0.32	**-0.40**
CiscoSys	CSCO	**48.40**	24.40	-0.55	**-2.20**
CocaCola	KO	**12.10**	56.29	-0.84	**-1.47**
Disney	DIS	**12.50**	30.60	-0.42	**-1.35**
DuPont	DD	**6.20**	34.01	-0.08	**-0.23**
ExxonMobil	XOM	**27.10**	69.11	-0.57	**-0.82**
GenElec	GE	**70.00**	16.44	-0.26	**-1.56**
HewlettPk	HPQ	**12.40**	52.47	-0.04	**-0.08**
HomeDpt	HD	**21.90**	28.57	0.27	**0.95**
Intel	INTC	**186.50**	20.80	-0.68	**-3.17**
IBM	IBM	**8.10**	131.78	-0.53	**-0.40**
JPMorgChas	JPM	**63.80**	43.68	-1.01	**-2.26**
JohnsJohns	JNJ	**17.60**	64.56	-0.54	**-0.83**
KftFoods	KFT	**24.80**	29.58	0.46	**1.58**
McDonalds	MCD	**8.90**	62.28	-0.37	**-0.59**
Merck	MRK	**19.50**	39.47	-0.52	**-1.30**
Microsoft	MSFT	**72.60**	30.86	-0.10	**-0.32**
Pfizer	PFE	**72.60**	19.49	0.11	**0.57**
ProctGamb	PG	**14.70**	60.82	-0.76	**-1.23**
3M	MMM	**3.70**	83.37	-0.13	**-0.16**
TravelersCos	TRV	**3.60**	48.79	-0.49	**-0.99**
UnitedTech	UTX	**5.00**	71.99	-0.82	**-1.13**
Verizon	VZ	**41.90**	30.58	-0.64	**-2.05**
WalMart	WMT	**16.20**	53.68	-0.53	**-0.98**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**539.3**	$3.42	–$0.09	**–2.56%**
SPDR S&P 500	SPY	**211.9**	113.64	–1.29	**–1.12**
Intel	INTC	**197.9**	20.80	–0.68	**–3.17**
BankAm	BAC	**194.8**	16.26	–0.56	**–3.33**
PwrShrs QQQ	QQQQ	**126.8**	45.85	–0.54	**–1.16**
SprintNextel	S	**106.3**	3.82	0.13	**3.52**
FordMotor	F	**96.1**	11.60	–0.16	**–1.36**
SPDR FnclSelSct	XLF	**95.7**	14.94	–0.31	**–2.03**
BareEscentuals	BARE	**90.6**	18.07	5.33	**41.84**
Microsoft	MSFT	**79.8**	30.86	–0.10	**–0.32**
iShrMSCIEmrgMkt	EEM	**76.6**	41.95	–0.49	**–1.16**
Pfizer	PFE	**76.6**	19.49	0.11	**0.57**
GenElec	GE	**74.0**	16.44	–0.26	**–1.56**
JPMorgChas	JPM	**69.7**	43.68	–1.01	**–2.26**
iShrRu2000	IWM	**68.7**	63.68	–0.94	**–1.45**

Biggest gainers...

BareEscentuals	BARE	**90,575.6**	$18.07	$5.33	**41.84%**
IntrvstBcsh A	IBCA	**83.5**	4.79	0.94	**24.42**
ChMedExprsWt	CCME%	**196.9**	6.35	1.22	**23.78**
Nautilus	NLS	**434.9**	2.54	0.45	**21.53**
PrimorisSvcs wt	PRIMW	**24.5**	2.95	0.50	**20.41**

...Biggest losers

NewCentBncp NC	NCBC	**3.2**	$4.32	-$1.09	**-20.15%**
FalconStor	FALC	**1,592.6**	3.69	-0.80	**-17.82**
Brasil Telecom S/A ADS Wi	BTMC	**153.1**	13.04	-2.33	**-15.16**
Kenexa	KNXA	**454.1**	11.37	-1.57	**-12.13**
AmtchSys	ASYS	**421.7**	10.89	-1.45	**-11.75**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.36	**Taiwan Semi**	TSM	**14,893.4**	$10.60	-0.27	**-2.48%**
8.19	3.78	**Siliconware Prec Ind**	SPIL	**7,351.8**	7.40	-0.14	**-1.86**
13.30	6.25	**AU Optrncs**	AUO	**5,666.0**	12.57	-0.22	**-1.72**
4.24	1.65	**Utd Microelectronics**	UMC	**5,507.4**	4.16	0.01	**0.24**
5.23	1.49	**Adv Semi Engrg**	ASX	**3,051.1**	4.70	-0.15	**-3.09**
82.74	33.09	**BHP Billiton**	BHP	**2,823.6**	79.25	-1.46	**-1.81**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**2,769.6**	5.50	0.08	**1.48**
15.95	8.56	**China Unicom**	CHU	**2,415.4**	12.48	-0.40	**-3.11**
59.22	40.20	**China Mobile**	CHL	**2,164.6**	50.00	-0.54	**-1.07**
18.64	12.59	**SK Telecom**	SKM	**1,962.5**	18.06	0.78	**4.51**
59.13	22.61	**Infosys Tech**	INFY	**1,573.9**	57.94	-0.81	**-1.38**
20.08	11.30	**KT Corp**	KT	**1,081.1**	20.04	0.79	**4.10**
34.10	15.64	**Sony**	SNE	**978.7**	33.34	-0.39	**-1.16**
81.00	37.43	**China Life Ins**	LFC	**977.1**	70.53	-0.74	**-1.04**
9.50	3.96	**Nomura Hldgs**	NMR	**770.4**	8.43	-0.11	**-1.29**
19.56	15.05	**ChunghwaTel**	CHT	**664.9**	18.22	-0.19	**-1.03**
34.27	9.91	**Aluminum Cp of China**	ACH	**661.3**	31.04	-0.57	**-1.80**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**651.1**	23.99	0.51	**2.17**
7.74	2.00	**Alumina**	AWC	**649.7**	6.73	-0.22	**-3.17**
26.67	17.71	**NTT**	NTT	**608.1**	22.04	0.26	**1.19**
91.88	56.79	**Toyota Motor**	TM	**550.4**	91.14	0.21	**0.23**
16.22	6.85	**Korea Elec Pwr**	KEP	**530.1**	15.87	-0.27	**-1.67**
150.50	47.09	**POSCO**	PKX	**514.6**	131.04	-2.63	**-1.97**
17.15	10.60	**Matsushita Elec**	PC	**503.0**	16.93	-0.12	**-0.70**
135.92	63.94	**PetroChina**	PTR	**417.4**	122.17	-1.51	**-1.22**
4.68	1.50	**SemiMfgInt**	SMI	**347.9**	4.65	0.22	**4.97**
37.23	20.28	**Honda Motor**	HMC	**301.2**	36.90	0.26	**0.71**
94.00	46.45	**China Petro & Chem**	SNP	**296.6**	84.57	-0.46	**-0.54**
13.45	2.00	**City Telecom**	CTEL	**295.0**	12.71	-0.32	**-2.46**
18.26	13.11	**NTT DoCoMo**	DCM	**290.9**	15.31	0.25	**1.66**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

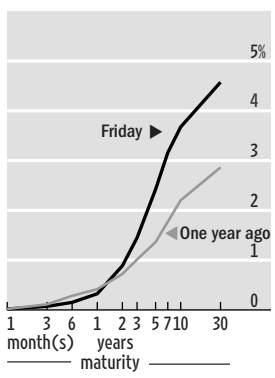
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.495%**	**361.7**	363.8	359.6	**179.1**	**4.565%**	4.454%	**2.516%**
4.500	10	**5.642**	**196.8**	190.8	200.5	**165.8**	**5.662**	5.597	**3.867**
5.000	**Austria** 2	**1.698**	**82.0**	74.2	12.5	**90.0**	**1.669**	0.983	**1.625**
3.900	10	**3.730**	**5.6**	1.6	-0.4	**160.5**	**3.770**	3.588	**3.814**
3.500	**Belgium** 2	**0.849**	**-2.9**	-2.5	26.2	**97.2**	**0.902**	1.120	**1.697**
4.000	10	**3.629**	**-4.5**	-7.2	6.0	**167.0**	**3.682**	3.652	**3.879**
1.250	**Canada** 2	**1.277**	**39.9**	40.4	43.4	**24.7**	**1.331**	1.292	**0.972**
3.750	10	**3.491**	**-18.3**	-15.9	-19.1	**38.7**	**3.595**	3.401	**2.596**
4.000	**Denmark** 2	**1.909**	**103.1**	100.2	122.3	**188.6**	**1.929**	2.081	**2.611**
4.000	10	**3.557**	**-11.7**	-17.0	-2.4	**108.6**	**3.584**	3.568	**3.295**
1.500	**France** 2	**1.041**	**16.3**	13.5	34.9	**104.1**	**1.062**	1.207	**1.766**
3.750	10	**3.496**	**-17.8**	-21.1	-11.1	**119.2**	**3.543**	3.481	**3.401**
1.250	**Germany** 2	**1.146**	**26.8**	26.3	38.6	**78.8**	**1.190**	1.244	**1.513**
3.250	10	**3.259**	**-41.5**	-45.1	-37.3	**69.7**	**3.303**	3.219	**2.906**
0.550	**Hong Kong** 2	**0.597**	**-28.1**	-30.8	-41.1	**...**	**0.619**	0.447	**...**
2.160	10	**2.973**	**-70.1**	-70.8	-115.0	**...**	**3.046**	2.442	**...**
3.750	**Italy** 2	**1.384**	**50.6**	47.5	71.6	**192.8**	**1.402**	1.574	**2.653**
4.250	10	**4.063**	**38.9**	35.0	44.4	**220.8**	**4.104**	4.036	**4.417**
0.200	**Japan** 2	**0.155**	**-72.3**	-75.7	-68.8	**-33.6**	**0.170**	0.170	**0.389**
1.300	10	**1.330**	**-234.4**	-241.6	-230.4	**-99.9**	**1.338**	1.288	**1.210**
4.000	**Netherlands** 2	**0.683**	**-19.5**	-22.6	5.6	**126.8**	**0.701**	0.914	**1.993**
4.000	10	**3.446**	**-22.8**	-26.0	-13.9	**136.6**	**3.494**	3.453	**3.575**
3.200	**Portugal** 2	**1.253**	**37.5**	32.3	45.1	**143.4**	**1.250**	1.309	**2.159**
4.750	10	**4.166**	**49.2**	39.9	31.2	**195.7**	**4.153**	3.904	**4.166**
5.350	**Spain** 2	**1.404**	**52.6**	45.8	61.5	**177.7**	**1.385**	1.473	**2.502**
4.300	10	**3.966**	**29.2**	24.4	25.2	**182.8**	**3.998**	3.844	**4.037**
2.750	**Switzerland** 2	**0.593**	**-28.5**	-31.1	-46.3	**-17.5**	**0.616**	0.395	**0.550**
2.250	10	**2.056**	**-161.8**	-170.3	-166.6	**-8.2**	**2.051**	1.926	**2.127**
3.250	**U.K.** 2	**1.220**	**34.2**	30.6	40.2	**82.7**	**1.233**	1.260	**1.552**
4.500	10	**3.931**	**25.7**	23.2	30.2	**93.8**	**3.986**	3.894	**3.147**
1.000	**U.S.** 2	**0.878**	**...**	...	...	**...**	**0.927**	0.858	**0.725**
3.375	10	**3.674**	**...**	...	...	**...**	**3.754**	3.592	**2.209**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.575%**	16.22	1.15%	1.15%	1.15%	–22.46%
10-year Treasury	**3.676**	8.23	1.47	1.47	1.47	–8.47
7 Year Treasury	**3.159**	6.18	1.55	1.55	1.55	...
Five-year Treasury	**2.423**	4.62	1.32	1.32	1.32	–0.20
Ryan Index	**2.695**	6.69	1.15	1.15	1.15	–5.25
3 Year Treasury	**1.450**	2.93	0.86	0.86	0.86	1.86
Two-year Treasury	**0.887**	1.94	0.54	0.54	0.54	1.74
1 Year Treasury	**0.325**	0.99	0.16	0.16	0.16	1.14
Six-month Treasury	**0.152**	0.50	0.03	0.03	0.03	0.63
Ryan Cash Index-a	**0.142**	0.45	0.05	0.05	0.05	0.57
Three-month bill	**0.071**	0.25	0.01	0.01	0.01	0.37
One-month bill	**0.020**	0.07	...	...	...	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.50
Japan	**1.475**	1.475
Britain	**0.50**	1.50
ECB	**1.00**	2.50
Switzerland	**0.53**	0.53
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23313%**	0.35938%
Three month	**0.25125**	1.14250
Six month	**0.39250**	1.58875
One year	**0.89625**	1.89000

	Latest	52 wks ago
Euro Libor		
One month	**0.39750%**	2.10938%
Three month	**0.62750**	2.45000
Six month	**0.93813**	2.53125
One year	**1.20375**	2.61275
Hibor		
One month	**0.06000**	0.19714%
Three month	**0.12000**	0.84643
Six month	**0.23893**	1.15000
One year	**0.54929**	1.64643
Asian dollars		
One month	**0.2416%**	0.37%
Three month	**0.2586**	1.1440
Six month	**0.4140**	1.5860
One year	**0.9130**	1.8540

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3500**	0.2500
Six month	**0.5500**	0.4500
One year	**0.8000**	0.7000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.19%**	0.33%
U.K. (BBA)	**0.507**	1.438
Euro zone	**0.30**	2.04

Sources: WSJ Market Data Group; Reuters

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	371.50	-9.50	-2.49%	712.25	315.50
Soybeans (cents/bu.)	CBOT	974.00	-10.00	-1.02	1,560.00	805.00
Wheat (cents/bu.)	CBOT	510.00	-17.75	-3.36	1,029.25	459.00
Live cattle (cents/lb.)	CME	90.525	-0.025	-0.03	95.175	85.050
Cocoa ($/ton)	ICE-US	3,400	8	0.24%	3,510	1,994
Coffee (cents/lb.)	ICE-US	140.75	-3.60	-2.49	188.65	115.00
Sugar (cents/lb.)	ICE-US	27.62	-0.14	-0.50	28.95	11.91
Cotton (cents/lb.)	ICE-US	72.08	-0.83	-1.14	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	2,490.00	-40	-1.58	3,580	1,487
Cocoa (pounds/ton)	LIFFE	2,305	8	0.35	2,337	1,310
Robusta coffee ($/ton)	LIFFE	1,375	-21	-1.50	1,710	1,300
Copper (cents/lb.)	COMEX	336.60	-2.15	-0.63	365.00	135.50
Gold ($/troy oz.)	COMEX	1130.50	-12.50	-1.09	1,227.50	762.30
Silver (cents/troy oz.)	COMEX	1842.70	-22.80	-1.22	2,011.50	1,045.00
Aluminum ($/ton)	LME	2,315.50	-10.50	-0.45	2,356.50	1,288.00
Tin ($/ton)	LME	18,050.00	-200.00	-1.10	18,250.00	9,945.00
Copper ($/ton)	LME	7,437.00	-48.50	-0.65	7,695.00	3,085.00
Lead ($/ton)	LME	2,460.00	-14.00	-0.57	2,615.00	995.00
Zinc ($/ton)	LME	2,474.00	-42.00	-1.67	2,659.00	1,086.00
Nickel ($/ton)	LME	18,325	-25	-0.14	21,150	9,475
Crude oil ($/bbl.)	NYMEX	78.37	-1.51	-1.89	141.30	48.78
Heating oil ($/gal.)	NYMEX	2.0579	-0.0342	-1.63	3.5280	1.3800
RBOB gasoline ($/gal.)	NYMEX	2.0590	-0.0273	-1.31	2.2003	1.2176
Natural gas ($/mmBtu)	NYMEX	5.671	0.101	1.81	12.590	4.550
Brent crude ($/bbl.)	ICE-EU	77.11	-1.46	-1.86	98.10	49.10
Gas oil ($/ton)	ICE-EU	630.00	-6.25	-0.98	875.00	450.50

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

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Currencies

London close on Jan. 15

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.4654	0.1830	3.8038	0.2629
Brazil real	2.5404	0.3936	1.7681	0.5656
Canada dollar	1.4774	0.6769	1.0282	0.9726
1-mo. forward	1.4774	0.6769	1.0282	0.9725
3-mos. forward	1.4774	0.6768	1.0282	0.9725
6-mos. forward	1.4776	0.6768	1.0284	0.9724
Chile peso	703.91	0.001421	489.90	0.002041
Colombia peso	2827.15	0.0003537	1967.60	0.0005082
Ecuador US dollar-f	1.4369	0.6960	1	1
Mexico peso-a	18.2355	0.0548	12.6913	0.0788
Peru sol	4.0926	0.2443	2.8483	0.3511
Uruguay peso-e	28.019	0.0357	19.500	0.0513
U.S. dollar	1.4369	0.6960	1	1
Venezuela bolivar	6.17	0.162054	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5556	0.6428	1.0827	0.9237
China yuan	9.8093	0.1019	6.8270	0.1465
Hong Kong dollar	11.1479	0.0897	7.7586	0.1289
India rupee	65.5635	0.0153	45.6300	0.0219
Indonesia rupiah	13205	0.0000757	9190	0.0001088
Japan yen	130.57	0.007659	90.87	0.011005
1-mo. forward	130.55	0.007660	90.86	0.011006
3-mos. forward	130.51	0.007662	90.83	0.011010
6-mos. forward	130.42	0.007668	90.77	0.011017
Malaysia ringgit-c	4.7984	0.2084	3.3395	0.2994
New Zealand dollar	1.9488	0.5131	1.3563	0.7373
Pakistan rupee	121.055	0.0083	84.250	0.0119
Philippines peso	65.815	0.0152	45.805	0.0218
Singapore dollar	1.9991	0.5002	1.3913	0.7188
South Korea won	1613.51	0.0006198	1122.95	0.0008905
Taiwan dollar	45.690	0.02189	31.799	0.03145
Thailand baht	47.229	0.02117	32.870	0.03042

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6960	1.4369
1-mo. forward	1.0001	0.9999	0.6960	1.4368
3-mos. forward	1.0002	0.9998	0.6961	1.4365
6-mos. forward	1.0006	0.9994	0.6964	1.4360
Czech Rep. koruna-b	25.941	0.0385	18.054	0.0554
Denmark krone	7.4419	0.1344	5.1794	0.1931
Hungary forint	267.61	0.003737	186.25	0.005369
Norway krone	8.1617	0.1225	5.6803	0.1760
Poland zloty	4.0404	0.2475	2.8120	0.3556
Russia ruble-d	42.480	0.02354	29.565	0.03382
Sweden krona	10.1582	0.0984	7.0698	0.1414
Switzerland franc	1.4745	0.6782	1.0262	0.9745
1-mo. forward	1.4742	0.6783	1.0260	0.9746
3-mos. forward	1.4737	0.6786	1.0256	0.9750
6-mos. forward	1.4727	0.6790	1.0250	0.9757
Turkey lira	2.0960	0.4771	1.4588	0.6855
U.K. pound	0.8840	1.1312	0.6153	1.6254
1-mo. forward	0.8842	1.1309	0.6154	1.6250
3-mos. forward	0.8846	1.1305	0.6156	1.6244
6-mos. forward	0.8851	1.1298	0.6160	1.6234
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5417	1.8461	0.3770	2.6526
Egypt pound-a	7.7949	0.1283	5.4250	0.1843
Israel shekel	5.2914	0.1890	3.6827	0.2715
Jordan dinar	1.0176	0.9827	0.7083	1.4119
Kuwait dinar	0.4115	2.4301	0.2864	3.4916
Lebanon pound	2166.05	0.0004617	1507.50	0.0006634
Saudi Arabia riyal	5.3872	0.1856	3.7493	0.2667
South Africa rand	10.6274	0.0941	7.3963	0.1352
United Arab dirham	5.2776	0.1895	3.6730	0.2723
SDR -f	0.9144	1.0936	0.6364	1.5713

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
54	**ASIA-PACIFIC**	**DJ Asia-Pacific**	129.57	0.46	0.36%	5.3%	46.2%
...	Australia	**SPX/ASX 200**	4899.59	1.55	0.03	0.6	38.0
29	China	**CBN 600**	28760.86	136.19	0.48	-1.0	76.7
20	Hong Kong	**Hang Seng**	21654.16	-62.79	-0.29%	-1.0	63.4
20	India	**Sensex**	17554.30	-30.57	-0.17	0.5	88.3
...	Indonesia	**Jakarta Composite**	2647.090	1.909	0.07	4.4	94.1
...	Japan	**Nikkei Stock Average**	10982.10	74.42	0.68	4.1	33.4
...		**Topix**	966.40	7.39	0.77	6.5	18.2
...	Malaysia	**Kuala Lumpur Composite**	1298.58	3.87	0.30	2.0	44.9
...	New Zealand	**NZSX-50**	3257.952	-20.381	-0.62	0.9	18.4
9	Pakistan	**KSE 100**	9923.14	120.69	1.23	5.7	80.0
15	Philippines	**Manila Composite**	3118.47	-3.44	-0.11	2.2	59.9
...	Singapore	**Straits Times**	2908.42	-1.10	-0.04	0.4	68.1
11	South Korea	**Kospi**	1701.80	16.03	0.95	1.1	49.9
20	Taiwan	**Weighted**	8356.89	66.91	0.81	2.1	91.9
10	Thailand	**SET**	746.52	-2.90	-0.39	1.6	71.5
50	**EUROPE**	**DJ Stoxx 600**	256.44	-2.41	-0.93	1.3	32.9
22		**DJ Stoxx 50**	2589.86	-30.58	-1.17	0.4	29.1
62	**Euro Zone**	**DJ Euro Stoxx**	275.44	-3.94	-1.41%	0.2%	31.0%
20		**DJ Euro Stoxx 50**	2940.25	-49.46	-1.65	-0.9	28.9
19	Denmark	**OMX Copenhagen**	336.18	-2.17	-0.64	6.5	40.8
21	Finland	**OMX Helsinki**	6585.92	-32.99	-0.50	2.0	24.0
20	France	**CAC-40**	3954.38	-61.39	-1.53	0.5	31.1
21	Germany	**DAX**	5875.97	-112.91	-1.89	-1.4	34.6
16	Italy	**FTSE MIB**	23472.11	-333.88	-1.40	1.0	25.5
...	Netherlands	**AEX**	337.99	-2.62	-0.77	0.8	36.0
...	Russia	**RTSI**	1559.25	-2.66	-0.17	9.3	175.1
11	Spain	**IBEX 35**	11845.0	-154.8	-1.29	-0.8	37.4
14	Switzerland	**SMI**	6576.02	-51.40	-0.78	0.5	21.0
...	Turkey	**ISE National 100**	54005.65	-734.95	-1.34	2.2	110.7
15	U.K.	**FTSE 100**	5455.37	-42.83	-0.78	0.8	31.5
22	**AMERICAS**	**DJ Americas**	301.88	-3.35	-1.10	1.8	40.4
...	Brazil	**Bovespa**	68978.30	-823.11	-1.18	0.6	75.3
...	Argentina	**Merval**	2371.11	-9.93	-0.42	2.2	116.0
21	Mexico	**IPC**	32262.30	-467.28	-1.43	0.4	58.7

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 5:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.10%	22	**DJ Global Index**	232.63	-2.08	-2.08%	43.4%	-0.9%	-5.9%
		Global DOW	2019.33	-21.58	-21.58	41.4	-1.1	-2.1
2.24		**Asia/Pacific 600**	122.14	0.59	0.59	35.4	0.5	-5.9
1.68	16	**Emerging Markets**	286.65	-0.90	-0.90	89.7	-0.3	4.8
2.05	54	**Asia/Pacific**	129.57	0.45	0.45	46.2	0.3	-3.9
2.32	18	**Asia/Pacific ex-Japan**	324.01	-0.49	-0.49	85.8	-0.1	1.8
2.45	24	**Southeast Asia**	166.12	0.40	0.40	91.6	0.2	3.7
0.82	29	**CBN China 600** -c	28760.86	136.19	136.19	76.7	0.5	18.0
0.85	33	**Shanghai**	385.55	1.68	1.68	76.1	0.4	18.4
0.56	47	**Shenzhen**	422.27	2.92	2.92	103.1	0.7	24.8
2.22	19	**China Offshore 50**	4005.66	-16.26	-16.26	65.9	-0.4	6.6
7.43	10	**Australia LPT** -c, d	1160.43	2.87	2.87	14.7	0.3	-21.4

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.03%	16	**Islamic Market**	2023.34	-17.34	-17.34%	42.4%	-0.8%	-1.0%
2.32	16	**Islamic Market 100**	2167.31	-17.81	-17.81	30.1	-0.8	-2.0
9.48	15	**Bahrain**	122.90	-0.45	-0.45	-16.9	-0.4	-13.0
2.93	36	**Kuwait**	192.76	-0.85	-0.85	-0.7	-0.4	-16.2
2.54	21	**Sustainability**	1031.47	-12.80	-12.80	43.4	-1.2	-6.9
2.72	50	**Stoxx 600**	275.18	-4.62	-4.62	44.1	-1.6	-8.7
4.74	17	**Stoxx Select Div 30**	1834.47	-35.13	-35.13	42.8	-1.9	-20.8
3.98	23	**Euro Stoxx Sel Div 30**	2183.39	-42.33	-42.33	50.3	-1.9	-16.0
1.71	32	**DJ U.S. TSM**	11715.02	-131.75	-131.75	36.2	-1.1	-6.7
4.16	15	**U.S. Select Dividend -d**	660.09	-5.75	-5.75	24.9	-0.9	-9.6
4.71		**U.S. REIT**	145.17	-1.13	-1.13	33.0	-0.8	-18.9
		DJ-UBS Commodity -p	138.09	-1.37	-1.37	22.4	-1.0	-4.7

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.083	0.615	1.028	6.827	0.696	7.759	45.630	9190.33	90.870	1.356	1122.95	3.339	45.805	1.391	1.026	31.799	32.870
Australia	0.924		0.568	0.950	6.306	0.643	7.166	42.146	8488.65	83.932	1.253	1037.21	3.085	42.308	1.285	0.948	29.371	30.360
Britain	1.625	1.760		1.671	11.096	1.131	12.610	74.165	14937.51	147.696	2.204	1825.19	5.428	74.449	2.261	1.668	51.685	53.425
Canada	0.973	1.053	0.598		6.640	0.677	7.546	44.379	8938.27	88.378	1.319	1092.15	3.248	44.549	1.353	0.998	30.927	31.968
China	0.1465	0.159	0.090	0.151		0.102	1.136	6.684	1346.18	13.310	0.199	164.49	0.489	6.709	0.204	0.150	4.658	4.815
Euro	1.437	1.556	0.884	1.477	9.809		11.148	65.563	13205.13	130.567	1.949	1613.51	4.798	65.815	1.999	1.474	45.690	47.229
Hong Kong	0.129	0.140	0.079	0.133	0.880	0.090		5.881	1184.53	11.712	0.175	144.74	0.430	5.904	0.179	0.132	4.099	4.237
India	0.0219	0.0237	0.0135	0.0225	0.1496	0.0153	0.1700		201.41	1.9915	0.0297	24.61	0.0732	1.0038	0.0305	0.0225	0.6969	0.7204
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0099	0.0001	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0036
Japan	0.011	0.012	0.007	0.011	0.075	0.008	0.085	0.502	101.14		0.015	12.36	0.037	0.504	0.015	0.011	0.350	0.362
New Zealand	0.737	0.798	0.454	0.758	5.034	0.513	5.720	33.643	6776.03	66.998		827.95	2.462	33.772	1.026	0.757	23.445	24.235
South Korea	0.0009	0.0010	0.0005	0.0009	0.0061	0.0006	0.0069	0.0406	8.18	0.0809	0.0012		0.0030	0.0408	0.0012	0.0009	0.0283	0.0293
Malaysia	0.299	0.324	0.184	0.308	2.044	0.208	2.323	13.664	2752.01	27.211	0.406	336.26		13.716	0.417	0.307	9.522	9.843
Philippines	0.022	0.024	0.013	0.022	0.149	0.015	0.169	0.996	200.64	1.984	0.030	24.52	0.073		0.030	0.022	0.694	0.718
Singapore	0.719	0.778	0.442	0.739	4.907	0.500	5.577	32.797	6605.57	65.313	0.975	807.12	2.400	32.922		0.738	22.856	23.625
Switzerland	0.974	1.055	0.600	1.002	6.653	0.678	7.561	44.465	8955.69	88.550	1.322	1094.28	3.254	44.636	1.356		30.987	32.031
Taiwan	0.031	0.034	0.019	0.032	0.215	0.022	0.244	1.435	289.01	2.858	0.043	35.31	0.105	1.440	0.044	0.032		1.034
Thailand	0.030	0.033	0.019	0.031	0.208	0.021	0.236	1.388	279.60	2.765	0.041	34.16	0.102	1.394	0.042	0.031	0.967	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of January. 15, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	27	**ALL COUNTRY (AC) WORLD***	309.18	0.48%	35.8%	35.8%
2.40	28	**World (Developed Markets)**	1,207.98	0.53	31.3	31.3
1.80	117	**World Small Cap**	198.88	0.51	48.2	48.2
2.50	23	**Kokusai (World ex-Japan)**	1,192.92	0.38	33.7	33.7
2.90	28	**EAFE**	1,642.20	0.86	32.7	32.7
2.00	20	**Emerging Markets (EM)**	1,013.29	0.12	78.7	78.7
2.40	24	**AC ASIA PACIFIC EX-JAPAN**	427.25	0.93	72.7	72.7
2.00	24	**AC Far East ex-Japan**	457.75	0.70	67.9	67.9
1.70	-35	**Japan**	601.59	1.68	13.5	13.5
1.90	21	**China**	64.74	-0.05	58.7	58.7
0.80	40	**China A (China Domestic)**	3,315.21	1.60	91.1	91.1
2.60	24	**Hong Kong**	10,228.61	-0.08	56.0	56.0
0.90	21	**India**	719.48	0.61	94.9	94.9
1.00	17	**Korea**	479.52	1.06	56.2	56.2
2.40	20	**Malaysia**	478.46	0.36	48.9	48.9
2.90	18	**Singapore**	1,624.87	0.85	63.0	63.0
2.50	248	**Taiwan**	299.48	1.33	72.7	72.7
2.90	19	**Thailand**	308.33	0.33	66.6	66.6
3.70	26	**Australia**	1,008.00	0.74	31.7	31.7
5.20	16	**New Zealand**	88.77	-0.36	16.9	16.9
1.80	33	**US BROAD MARKET**	1,275.48	0.24	29.8	29.8
3.20	18	**EUROPE**	89.89	0.74	29.5	29.5

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Friday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10982.10
▲ **0.68% or 74.42**

Stocks gained 1.7% in a shortened week to their highest close since October 2008. Chip shares attracted buying on Intel's earnings, and Shiseido rose on acquisition hopes.

Stock	Volume in millions	Change Close	Change Net	Change %
JapanAirlines	**549.61**	7	–1	–12.50
Mizuho Financial	**321.12**	193	7	3.76
Mtshbsh Fin Grp	**191.81**	506	17	3.48
M'bishi Motors	**72.80**	144	10	7.46
Hitachi	**63.79**	298	3	1.02

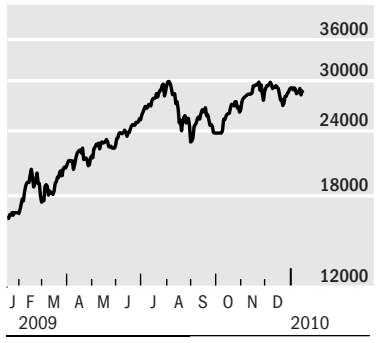
Kospi
South Korea 1701.80
▲ **0.95% or 16.03**

Foreigners resumed big stock buying on Friday, in particular technology, auto and telecom shares, giving the index its fourth straight weekly gain, albeit a modest 0.4%.

Stock	Volume in millions	Change Close	Change Net	Change %
Korea Data Sys	**37.25**	280.00	35.00	14.29
Kco Energy	**19.36**	475.00	60.00	14.46
Rnl Bio	**12.31**	6,290.00	820.00	14.99
Samyang Optics	**11.93**	1,240.00	10.00	0.81
Hynix Semi	**11.77**	26,100.00	650.00	2.55

CBN 600
China 28760.86
▲ **0.48% or 136.19**

Bargain hunting in banks and property developers helped stocks to a 1.1% gain for the week. Optimism about economic growth offset concerns about monetary tightening.



Stock	Volume in millions	Change Close	Change Net	Change %
United Network	**181.35**	7.66	–0.03	–0.39
TCL	**173.42**	5.89	0.08	1.38
Icbc	**143.09**	5.08	–0.01	–0.20
China State Con	**140.52**	4.55	0.02	0.44
ChinaVankeCoA	**117.92**	10.14	0.11	1.10

Hang Seng
Hong Kong 21654.16
▼ **0.29% or 62.79**

Oil companies fell on weak crude-oil prices, sending the market to its fourth straight loss. It finished the week down 2.9%, ending three weeks of gains.

Stock	Volume in millions	Change Close	Change Net	Change %
Icbc	**817.50**	5.82	–0.02	–0.34
Bank Of China	**412.06**	3.99	0.04	1.01
CCB	**349.50**	6.14	0.03	0.49
PetroChina	**150.09**	9.52	–0.11	–1.14
ChinaPetroChem	**142.47**	6.59	–0.04	–0.60

Asian stocks in the news

Shiseido
Japan ¥2,040
▲ **5.0% or ¥98**

The cosmetics firm made the biggest purchase in its history, of rising star Bare Escentuals.

	Price-to-earnings ratio		**27**
	Earnings per share, past four quarters		**75.60**
	Dividend yield		**2.5**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**0.4%**	4.9%	32.6%
Shiseido	**5.0%**	8.0%	15.9%

Foxconn Intl
Hong Kong HK$11.02
▲ **6.4% or HK$0.66**

The maker of handsets was carried by Intel's expectations-beating earnings.

	Price-to-earnings ratio		**none**
	Earnings per share, past four quarters		**-0.04**
	Dividend yield		**none**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**1.0%**	3.8%	83.1%
Foxconn Intl	**6.4%**	10.2%	253.2%

Murata Mnfrg
Japan ¥5,180
▲ **6.7% or ¥325**

Goldman Sachs called the electronic component sector 'attractive.'

	Price-to-earnings ratio		**97**
	Earnings per share, past four quarters		**53.30**
	Dividend yield		**1.4**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.7%**	3.7%	58.9%
Murata Mnfrg	**6.7%**	7.6%	44.7%

Mitsubishi Motors
Japan ¥144
▲ **7.5% or ¥10**

Some say the stock has lagged other major auto stocks, which are near 2009 intraday highs.

	Price-to-earnings ratio		**none**
	Earnings per share, past four quarters		**-2.70**
	Dividend yield		**none**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**1.3%**	5.8%	66.5%
Mitsubishi Motors	**7.5%**	5.9%	9.9%

Kingboard Chml Hldgs
Hong Kong HK$37.35
▲ **10.7% or HK$3.60**

The maker of printed circuit boards is spinning off its Hebei coke production unit.

	Price-to-earnings ratio		**28**
	Earnings per share, past four quarters		**1.33**
	Dividend yield		**1.2**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Chemicals	**0.5%**	3.1%	56.7%
Kingboard Chml Hldgs	**10.7%**	16.0%	163.0%

Daikin Inds
Japan ¥3,565
▼ **2.5% or ¥90**

Credit Suisse talked down shares of the maker of commercial air conditioners.

	Price-to-earnings ratio		**75**
	Earnings per share, past four quarters		**47.80**
	Dividend yield		**0.9**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.7%**	3.7%	58.9%
Daikin Inds	**-2.5%**	-4.2%	50.4%

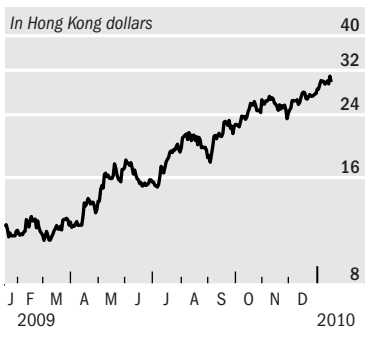
JFE Hldgs
Japan ¥3,450
▼ **3.4% or ¥120**

Steel shares fell on continued concerns that China's tightening move could lower demand for steel products.

	Price-to-earnings ratio		**66**
	Earnings per share, past four quarters		**52.10**
	Dividend yield		**0.4**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-0.9%**	-0.3%	86.9%
JFE Hldgs	**-3.4%**	-5.2%	44.4%

China Res Enterpr
Hong Kong HK$29.65
▼ **3.7% or HK$1.15**

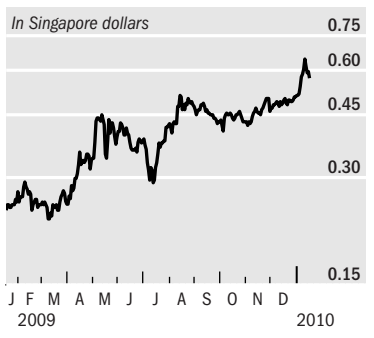
The stock came off a two-year high set Thursday. It has surged 27% since the end of November.



	Price-to-earnings ratio		**36**
	Earnings per share, past four quarters		**0.83**
	Dividend yield		**1.3**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**0.7%**	3.7%	58.9%
China Res Enterpr	**-3.7%**	1.4%	154.7%

Golden Agri-Resources
Singapore S$0.57
▼ **4.2% or S$0.03**

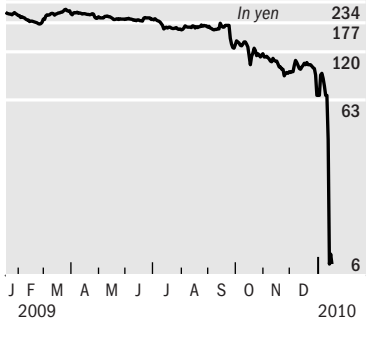
Shares are at their lowest closing level since Jan. 5.



	Price-to-earnings ratio		**16**
	Earnings per share, past four quarters		**0.04**
	Dividend yield		**none**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage	**0.3%**	1.5%	45.7%
Golden Agri-Resources	**-4.2%**	-5.8%	134.7%

Japan Airlines
Japan ¥7
▼ **12.5% or ¥1**

The troubled carrier moved a step closer to bankruptcy as it drew on emergency funding.



	Price-to-earnings ratio		**none**
	Earnings per share, past four quarters		**-98.80**
	Dividend yield		**none**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**0.6%**	2.3%	15.2%
Japan Airlines	**-12.5%**	-89.6%	-96.6%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

India tech outsourcing is blindingly hot

It's easy to understand why India's outsourcing industry is enjoying a resurgence. Its fate is tied to business spending, which is rebounding.

More difficult to see is why stock investors seem blind to their past mistakes with this industry. In pushing stock valuations to their limits, they're overlooking a key risk for the outsourcing companies: the rupee.

A run-up that began last April has shares of **Infosys Technologies** and **Tata Consultancy Services** at all-time highs. Wipro was last trading at current levels in 2000.

The buying has built up steam after Infosys on Tuesday raised its revenue forecasts and outlined a pace of hiring last seen before the financial crisis. Analysts are drawing parallels to the go-go years of 2004 and 2005, even as prospects for growth are far less compelling than then.

Earnings growth at Infosys, for example, reached 49% in the year ending March 2005. By comparison, analysts expect Infosys's profit to rise 13% in the year ahead.

The unpredictable currency market could be an even bigger issue. India's IT companies derive nearly all of their revenue from overseas, so a rising rupee eats into profits. In 2007, a more-than-12% rise in the rupee against the dollar sharply curtailed earnings growth.

Infosys's revenue guidance for the current quarter presumes it'll cost about 45.75 rupees to buy a dollar, slightly more than the current exchange rate of 45.70. But the currency is growing stronger as foreign investors return to India.

This will continue. Mercer, a consulting firm, expects stock investment inflows in 2010 to surpass the $17 billion seen during 2007's boom. **UBS** says the currency could rise nearly 4% against the greenback, so that it takes only 44 rupees to buy a greenback by the end of March. The currency already jumped 4.3% since the end of the third quarter.

Another potential speed bump: labor costs. Even if the "days of double-digit hikes" are over, as Infosys human resources director Mohandas Pai asserts, resurgent demand for staff will push those higher.

To be sure, the industry does hedge some of this currency exposure and is taking steps to wean itself from the U.S. market for business. High stock valuations, meanwhile, can always go higher. Infosys, currently trading at about 23 times expected earnings, has fetched as much as 28 times since 2003, Citi Investment Research analyst Surendra Goyal notes.

But he rightly cautions: "When so much good news gets priced in, even a single bump can be a bad jolt."

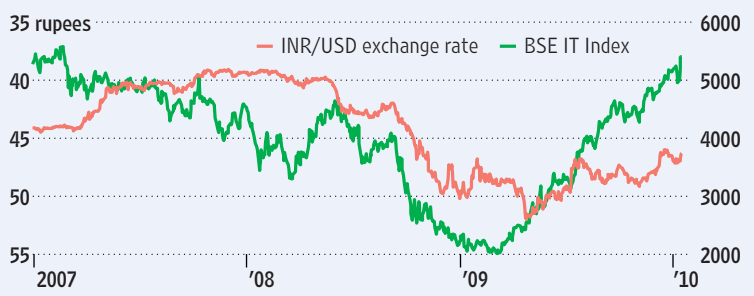
Investors ought to keep that in mind.

The headquarters of Infosys Technologies in Bangalore, India

Rupee's toll

India's IT outsourcing companies are sensitive to the strength of the dollar

INR/USD exchange rate* (left axis) and Bombay Stock Exchange IT Index (right axis)



* Rupee chart is inverted to show currency's strength.

Sources: WSJ Market Data Group (exchange rate), Thomson Reuters (BSE IT Index); Bloomberg News (photo)

OVERHEARD

Looking for a used yacht? Join the crowd. **Alibaba.com**, a China-based Web site that puts buyers in touch with sellers internationally, says searches originating in the U.S. for secondhand goods surged in the fall. November alone saw a 113% year-on-year increase. Among the most wanted items: boats, cars, golf carts and laptops.

* * *

For whom does the Macquarie bell toll? It has been several years since Australia's **Macquarie Group** collected on a rich incentive arrangement relating to its management of publicly held toll-road owner, **Macquarie Infrastructure Group**. If MIG shares beat a benchmark index, Macquarie Group collects a 15% performance fee.

But the stock has fallen short of the index since 2005. For Macquarie to have a shot at performance fees, MIG's market capitalization of 3.4 billion Australian dollars (US$3.14 billion) would need to rise by a whopping A$4.8 billion.

Macquarie now hopes to reset the bar. Shareholders vote Jan. 22 on splitting MIG in two. Macquarie would continue to manage one of the companies, wiping the slate on the stock deficit. So Macquarie could earn performance fees right away. To seal the deal, Macquarie would collect A$50 million in advisory fees on the split.

—overheard@wsj.com

J.P. Morgan is still taking mauling, from markets and regulators

Wasn't the crunch supposed to be over for **J.P. Morgan Chase**?

Bank bulls believe the lender's earnings will soon soar as bad-loan costs plunge. Indeed, management indicated Friday, when reporting uninspiring fourth-quarter results, that it could start to see that boost this year.

But with its large investment bank and mortgage exposure, J.P. Morgan is going to be living with the consequences of the credit crunch for longer than some believe.

That was clearly evident in Friday's report. Take J.P. Morgan's big mortgage book. More prime loans are defaulting. Earnings are now being hit by mortgages assumed when acquiring Washington Mutual.

Perhaps the biggest threat for J.P. Morgan, though, is the financial overhaul being formulated by politicians and regulators. Its large investment bank puts it squarely in the cross hairs.

Meanwhile, the proposed overhaul of international bank regulations could lead to bookkeeping changes that would balloon the size of J.P. Morgan's derivatives positions. Mr. Dimon played down the importance of that change. But Mr. Dimon's seemingly laid-back attitude might not be warranted because politicians appear to be getting tougher with the banks.

Bulls expect J.P. Morgan to earn $4.85 a share in 2011, up 116% from 2009. The bank's median price/earnings ratio since 2000 is 13 times. Applying that to the 2011 estimate puts the stock 40% higher than now, at $63.

But with all the challenges, a multiple of 10 times may be more appropriate. That would put the stock not that much higher than where it is today.

—Peter Eavis

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Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superfiag Advertising and Communication Limited. 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1 Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo. 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No. 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Mel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 3817 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City, Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (KM. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd., 51/B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT NoEL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-11-6462 0215. ACP no. F2 (T/3) Press / 2009 FACSIMILE EDITION.